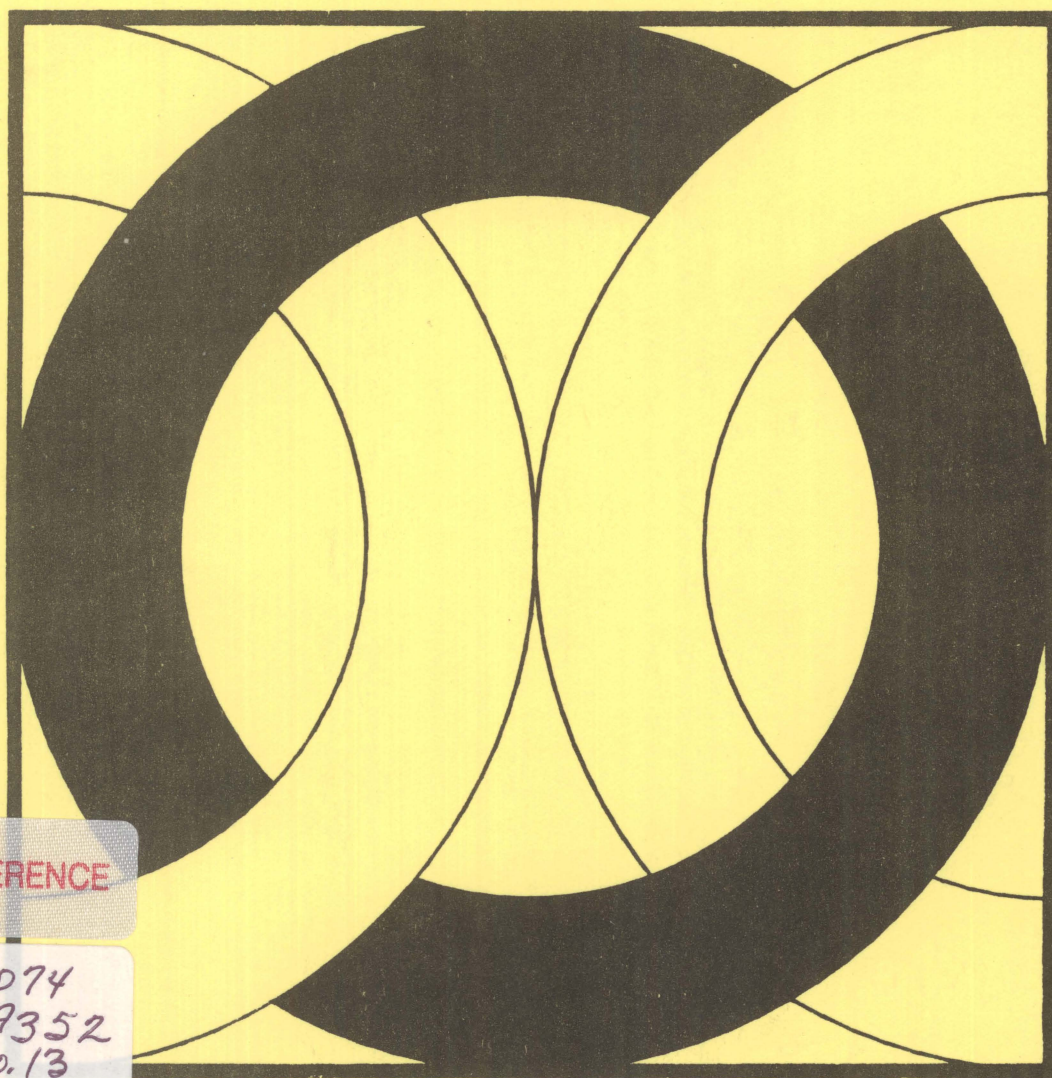


AGRICULTURAL FINANCE PROGRAM
DEPARTMENT OF AGRICULTURAL ECONOMICS
AND RURAL SOCIOLOGY
THE OHIO STATE UNIVERSITY

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ANNOTATED BIBLIOGRAPHY ON
AGRICULTURAL CREDIT AND
RURAL SAVINGS: XIII
(A SPECIAL ISSUE ON
INFORMAL FINANCE)



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PREFACE

This bibliography is one in the series that the Department of Agricultural Economics and Rural Sociology, The Ohio State University has prepared during the past few years as part of its Cooperative Agreements with the Office of Rural and Institutional Development, Bureau of Science and Technology, Agency for International Development. Most of the abstracts were prepared by Ronald Mercado, Dale Adams and Curtis Slover; word processing was completed by Sandy Krulikowski-Walden.

This bibliography includes publications with reference to informal sector financing. The publications come from a variety of sources. Many are associated with A.I.D. projects and studies because they were most accessible.

If interest is sufficient, we may publish a second edition of this bibliography. Please send us copies or citations of important publications we missed in this edition.

Persons desiring information regarding publications listed in this bibliography or some other aspects of informal sector financing should address their inquiries to:

The Agricultural Finance Program
Department of Agricultural Economics and
Rural Sociology
The Ohio State University
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STUDIES OF INFORMAL FINANCE

1. Acharya, Shankar and Srinivasa Madhur, "Informal Credit Markets and Black Money: Do They Frustrate Monetary Policy?" Economic and Political Weekly 8(1983): 1751-1756.

Authors address whether the existence of an informal credit market undermines the operation of official monetary and credit policy at the aggregate level. A model is formed of formal and informal financial markets and their interrelationship. The crucial link between these two markets is the excess demand from the formal credit sector which is provided by the informal markets. Authors conclude that contrary to a popular but untested view, official monetary credit policy has a significant influence on interest rates in the informal credit market. [3836]

2. Acharya, Shankar and Srinivasa Madhur, "Informal Credit Markets and Monetary Policy," Economic and Political Weekly, September 8, 1984, pp. 1593-1596.

Present a rejoinder to arguments presented in article by Sundaram and Pandit (1984). Most of the disagreement between the two sets of authors hinges on the extent of market segmentations between formal and informal financial markets in India. Acharya and Madhur feel there is less segmentation than does Pandit and Sundaram. [0770]

3. Adamos, Elsie D. and Marilyn R. Imo, "A Case Study on Buy-and-Sell Project in San Andres," Unpublished paper, International Institute of Rural Reconstruction, Silang, Cavite, Philippines, December, 1986, 16p.

Reports on an experimental credit program in the Philippines that gave loans to groups who in turn participated in informal finance to buy and sell basic food commodities. The program failed and the authors provides some explanations for this failure. [0805]

4. Adams, Dale W and Marie L. Canavesi de Sahonero, "Rotating Savings and Credit Associations in Bolivia," Economics and Sociology Occasional Paper No. 1417, Department of Agricultural Economics and Rural Sociology, The Ohio State University, May 12, 1988, 18 p.

Rotating savings and credit association (ROSCAs)--locally called pasanakus--in Bolivia are examined in this paper. Structured interviews with 470 people located in five of the largest cities were conducted along with brief interviews with 450 additional people. It was found that extensive capacities to save exist in Bolivia. Authors argue that defective policies, rather than faulty human savings behavior, inhibit the mobilization of formal savings. [3835]

5. Adams, Dale W and Virginia Nazarea-Sandoval, "Informal Rural Finance in the Philippines," Economics and Sociology Occasional Paper No. 1570, Department of Agricultural Economics and Rural Sociology, The Ohio State University, March 24, 1989, 57 p.

Paper reports on a study done in 1988 of informal finance in a rural area of the Philippines. Authors found large numbers of poor people, women, and small farmers were using informal finance that included loans, savings, and playing lotteries. The study focused on the techniques used by informal intermediaries that might be adopted by formal intermediaries. Some of the major conclusions were that most informal transactions were small and for short durations, that informal financial markets had flexible procedures, that they largely operated in competitive and contestable markets, that a personal touch was an important factor in their success, and that informal lenders had low transaction costs and excellent loan recovery. The authors also point out some of the major techniques used in informal markets that might be grafted onto formal financial activities. [3822]

6. Agabin, Meliza H., "A Review of Policies Impinging on the Informal Credit Markets in the Philippines," Philippine Institute for Development Studies, Working Paper Series No. 88-12, Manila, Philippines, September 1988, 95 p.

Reviews the policies that affect informal credit markets in the Philippines. An overview of the financial structure and the policy environment is also presented. Author argues that the formal and the informal markets are largely complementary, that they service different segments of the economy, and are related through many linkages. Liberal rediscounting policies in the Philippines fostered the expansion of the formal sector in the 1970s. However, in the 1984-86 economic crisis the institutional system contracted and provided opportunities for the informal market to expand. [3823]

7. Agabin, Meliza H., Mario B. Lamberte, and Mahar Mangahas, "Integrative Report on the Philippine Informal Credit Markets," Draft report, Philippine Institute for Development Studies, Manila, Philippines, February 1988, 70 p.

Report summarizes the results of several studies conducted by a team of Filipinos under an Asian Development Bank sponsored informal financial markets research project. Nine individual reports were completed. Primary data were gathered through surveys of borrowers and lenders along with case studies of informal credit suppliers. The terms of reference used for the study were provided by the Asian Development Bank. This includes estimating the size and trends of informal financial markets, describing market structure, and assessing equity issues and problems of resource

allocation. Report goes on to summarize the conclusions and policy recommendations of the individual studies. [3880]

8. Agrawal, G.D., "Role of Moneylenders in Agricultural Finance," Indian Journal of Agricultural Economics, 9(1954): 139-144.

Reports on credit use and activities of moneylenders in six Indian villages in the early 1950s. A large percentage of households in each village were interviewed as a part of the study. Author concludes that a high proportion of the households were in debt and that much of their borrowing was from informal sources.

9. Ahmed, Humeida A., "Private Moneylenders in the Sudan Gezira Scheme," unpublished paper, Faculty of Agriculture, University of Khartoum, Sudan, June 1975, 21 p.

Presents the results of a survey conducted in Gezira, Sudan in early 1970s, aimed at describing the characteristics of moneylenders and their importance in financing farmers. Of the credit granted in Gezira, 71 percent was provided by informal lenders. It was found that moneylenders charge relatively high interest rate, make relatively small loans, and lend money for emergency needs. Author found no significant barriers to entry in informal lending in the Gezira. [1400]

10. Anderson, R.T., "Rotating Credit Associations in India," Economic Development and Cultural Change, 14(1966): 334-339.

Rotating Credit Associations (RCAs) in India are described and the potential of these associations for socializing individuals to modern business life are considered. RCAs were found to be quite popular with their sole goal being economic. The potential of RCAs for socializing to commercial modes of behavior or operative economic endeavor was not conclusive. [0299]

11. Angel, Shlomo and others, "Sharing The Risk of Being Poor: Communal Savings Games in Bangkok," Journal of the Siam Society, 66(1978): 123-145.

Authors present a review of studies done on rotating savings and credit associations in Thailand. They then go on to describe some of the major types of associations found in the country, the interest rates that result from their operations, and give estimates on the number of people who participate in these groups. [0728]

12. Appleby, Gordon, Jan van Leeuwen and Robert Flammang, "Informal Financial Markets: Zaire and Senegal," unpublished paper prepared by Arthur Young for the Bureau for Private Enterprise, Agency for International Development, Washington, DC, March 1989, 157 p.

Authors provide an overview of informal financial markets in Zaire and Senegal. Thirteen case studies of representative forms of informal finance are also presented in an Appendix. [0730]

13. Ardener, Shirley G., "The Comparative Study of Rotating Credit Associations," Journal of the Royal Anthropological Institute of Great Britain and Ireland, 94(1964): 201-229.

A short review of the geographic distribution of rotating credit associations (RCAs) is given. There is also an analysis of other RCA features that include membership, organization, contributions, fund transferability, deductions from fund, and sanctions. The functions of RCAs, their relation to other institutions, and their place in the general economic and social patterns of the societies in which they occur are examined. There is also a field-guide for use by researchers studying RCAs. [0506]

14. Armenia, Pedro T., "Analysis of Informal Credit Arrangements in Eastern Visayas, Philippines," unpublished paper, Department of Agricultural Economics and Agribusiness, Visayas State College of Agriculture, Baybay Leyte, Philippines, December, 1988, 85 p.

Author describes and analyzes prominent forms of informal finance among farmers in the Eastern Visayas of the Philippines. Analysis is based on interviews with 256 informal borrowers and 96 informal lenders. Finds that a majority of the loans are provided by businesses that are buying rice or copra along with landowners. Most of the loans are in cash, include relatively high interest rates, but involve relatively low transactions costs for the borrowers. [0683]

15. Asian Development Bank (ADB), "Proceedings from Workshop for a Regional Study of Informal Credit Markets," Unpublished report, ADB, Manila, Philippines, May 1986, 25 p.

Workshop was organized by the Economics Office of the Asian Development Bank and was aimed at coordinating research on informal finance in five Asian Countries. Participants included representatives from Asian research institutions working on this topic and specialists from the U.K., USA, and France. [3496]

16. Ayyar, S.V. and A. Ramaswami, "Reorganization of Rural Credit in India," Indian Journal of Agricultural Economics, 11(1956): 22-28.

Discusses the Report of the All-India Rural Credit Survey published in 1955. Argues that attempts to reorganize the credit market have failed where the old system of moneylending thrives. Recommends incorporating moneylenders into the institutional credit system as an instrument for channeling loans to farmers. Authors argue that by integrating and licensing these moneylenders, they might be able to play a more constructive role in development. [3803]

17. Bardhan, Pranab K., "Interlocking Factor Markets and Agrarian Development: A Review of Issues," Oxford Economic Papers, 32(1980): 82-93.

Paper focuses on the interlinkage of factor markets, particularly those of land, labor and credit. Author argues that interlinkage of transactions in different markets is an effective way for a dominant party to gain an extra degree of maneuverability and avoid social or legal controls on charging high prices in a regulated market. The monopolist moneylender who faces interest rate restrictions may be able to extract additional returns in the form of underpaid labor services from the tenant or the borrower, for example. Author concludes that it is important to analyze market interlinkage to avoid fragmentary insights. [2363]

18. Bardhan, Pranab and Ashok Rudra, "Interlinkage of Land, Labour and Credit Relations", Economic and Political Weekly, 13(1978): 367-384.

Authors study and identify the interlinkages among land, labor and credit markets through the use of a large-scale survey of 275 villages in West Bengal, India. They speculate on whether imperfections in these linked factor markets might be reinforced by interlinkages. They found that landlords or employers are an important source of credit for tenants and wage labors. The authors hypothesize that the lender might get underpaid labor services by means of his linkages to the credit and lease market. Their research showed that interest rate exploitation was rare and that interlinkage relationships do not lead to long-term bondage. Authors go on to criticize theories that assert attached labor is equated with feudalism and indebtedness by poor peasants to their landlords. [3895]

19. Barton, Clifton G., "Credit and Commercial Control: Strategies and Methods of Chinese Businessmen in South Vietnam," unpublished Ph.D. dissertation, Department of Anthropology, Cornell University, 1977, 392 p.

Author studies Chinese rotating savings credit associations (huis) in Vietnam. Huis are played mainly to strengthen social ties, predominately those useful for business purposes, to acquire extra capital for business

purposes, and to keep surplus capital circulating and earning interest until it is needed. The hui also serves as an effective means of hiding wealth from taxes. For the Vietnamese working class, the primary function of the hui is as a savings device and as a means of acquiring a sum of money for major consumption items and ceremonial expenses. Barton hypothesizes that even with the continued development of the banking system, a poorly-functioning legal and political system makes it necessary to carry out business transactions on the basis of personal relationships which makes for the continued importance of hui. [0788]

20. Begashaw, Girma, "The Economic Role of Traditional Savings and Credit Institutions in Ethiopia," Savings and Development, 2(1978): 249-262.

Paper analyzes the role of rotating savings credit association in mobilizing savings and providing loans in Ethiopia. Author reports that these institutions are popular among people of all social and occupational groups. He attributes this popularity to accessibility, simple procedures, flexibility, adaptability, and the multiple functions these associations perform. [2068]

21. Bell, Clive, "Credit Markets and Interlinked Transactions," Handbook of Development Economics, Volume I, Chapter 16, Edited by H. Chenery and T.N. Srinivasan, Amsterdam: Elsevier Science Publishers B.V., 1988, pp. 764-826.

Discusses interlinked transactions in credit markets where there is a intertwining of several transactions between two agents because of the need for information that is costly to obtain and asymmetrically held. Author uses a model to explain the moral hazard component of credit contracts and how this relates to interlinked transactions that include loans. Some evidence is presented to test the theoretical model. Author concludes that the interlinked transactions stem from the need of lender's to reduce their costs. [1083]

22. Berger, Marguerite, "Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty," World Development, 17(1989).

Article reviews some of the recent credit programs that have been aimed at providing loans to women in low income countries. One of the author's conclusions is the need for more analysis of how women access loans in informal financial markets. [3795]

23. Bhaduri, Amit, "A Reply to Rao and Ghose," Cambridge Journal of Economics, 4(1980): 173-174.

Author replies to the comments of Rao and Ghose (1980) about his article "On the Formation of Usurious Interest Rates in Backward Agriculture". Although he accepts the comments of Rao he rejects the argument of

Ghose that interest rates may be high because of high rates of return on capital investments in rural areas.

24. Bhaduri, Amit, "A Study In Agricultural Backwardness Under Semi-Feudalism," Economic Journal, 1(1973): 120-137.

Article examines the influence exerted by production relations on the introduction of new agricultural technology. A mathematical model is presented and then tested with information from several East Indian villages. Author argues that landowners use two modes of exploitation: that based on landownership as well as that based on usury. Since the existence of usury depends on the needs of the farmers who borrow regularly for consumption, the continuation of the system requires that the tenant's surplus must always fall short of his consumption requirements. The landowner will be discouraged from introducing new technologies as long as his gain in income from increased productivity falls short of his loss in income from usury due to a reduction in the amount of consumption loans. [3796]

25. Bhaduri, Amit, "On the Formation of Usurious Interest Rates in Backward Agriculture," Cambridge Journal of Economics, 1(1977): 341-352.

Paper outlines a mathematical model to explain the "exploitative" mechanism involved in the alleged formation of usurious interest rates in informal markets. Since default on a loan taken against undervalued collateral works to the advantage of lenders, they have an incentive to raise the interest rate to induce loan default. The rate of interest is then seen to operate as a convenient device for the moneylender to accumulate assets acquired through large-scale loan defaults. [0760]

26. Bonnett, Aubrey, "Rotating Credit Associations Among Black West Indian Immigrants in Brooklyn: An Explanatory Study," unpublished Ph.D. dissertation, City University of New York, 1974, 136 p.

Examines the importance of rotating credit associations among black West Indian immigrants in Brooklyn, New York. Data were collected from interviews with 10 organizers of these associations, numerous anonymous informants, and from mailed questionnaires. These Rotating Credit Associations were found to function as "structural shields," performing various adaptive and facilitative functions. First-generation immigrants were found to participate more in RCAs than did the second generation.

27. Bottomley, Anthony, "Monopoly Profits as a Determinant of Interest Rates in Underdeveloped Rural Areas," Oxford Economic Papers, 16(1964): 469-478.

Author argues that some monopoly profit is enjoyed by the moneylender and that it should be eliminated. The most important single source of monopoly profit arises from the lender's knowledge of a borrower's circumstances. This monopoly power increases when the borrower does not have knowledge of additional lenders and when the moneylender has a special hold over borrowers. Author concludes that by having economic growth, the moneylender will be progressively compelled to lower interest rates by reducing his charges on loans closer to his costs of lending. [0047]

28. Bottomley, Anthony, "The Premium for Risk as a Determinant of Interest Rates in Underdeveloped Rural Areas," The Quarterly Journal of Economics, 77(1963): 637-647.

The risk component of interest rates is used to explain the presence of high interest rates in underdeveloped countries. Author claims that high risk premiums are inseparable from low levels of production, and, hence, interest rates in a poor country are an inverse function of the over-all productivity of its farmers. Author concludes that the question of lowering interest rates for farmers is not one of how to replace moneylenders, but rather one of how to create an environment in which administrative and risk charges can be reduced. Such an environment will involve promoting economic growth. [0052]

29. Bouman, F.J.A., "Indigenous Savings and Credit Societies in the Third World: A Message," Savings and Development, 1(1977): 181-218.

Author provides an excellent survey of the rotating savings and credit associations (ROSCAS) found in many parts of the world. He also provides a table that lists many of the different names used for ROSCAS. [3885]

30. Bouman, F.J.A., "Informal Savings and Credit Arrangements in Developing Countries: Observations from Sri Lanka," in Undermining Rural Development With Cheap Credit, edited by Dale W Adams, Douglas H. Graham, and J. D. Von Pischke, Boulder, Colorado: Westview Press, 1984, pp. 232-247.

Chapter reviews the different forms of informal credit and savings activities in rural areas of Sri Lanka. About 80 percent of rural households in Sri Lanka deal with informal finance, which accommodates both borrowers and lenders. The rural entrepreneurs frequently act as financial intermediaries to spread good will and to expand business undertakings. Savers generally do not receive interest payment on deposits, but they receive prompt access to credit from informal intermediaries. Both lenders' and borrowers'

transaction costs in informal markets are less than those prevailing in the formal sector. [2412]

31. Bouman, F.J.A., "The ROSCA: Financial Technology of an Informal Savings and Credit Institution in Developing Economies," Savings and Development, 4(1979): 253-276.

Author argues that the survival of rotating and savings credit associations, which predate formal institutional finance in lesser developed countries, is proof that ROSCAs have continuing value. The characteristics which allow this survival are its organizational and procedural adaptation.

32. Bouman, F.J.A., Small, Short and Unsecured: Informal Rural Finance in India, New Delhi: Oxford University Press, 1989, 140 p.

Author reports on field studies done in 1984-88 in a rural district in India. He describes the various types of informal financial arrangements found in the area. He points out that the number of rotating savings and credit associations have dramatically increased the past few years with economic growth in the area. Deficiencies in the formal financial system have also made informal finance more attractive in the area.

33. Bouman, F.J.A. and R. Houtman, "Pawnbroking as an Instrument of Rural Banking in the Third World," Economic Development and Cultural Change, 37(1988): 69-89.

Paper reports on pawnbroking operations in rural areas of Sri Lanka. This loan mechanism relies on collateral presented by borrowers rather than on borrower's cash flow to assure repayment. Authors argue that pawnbrokers are successful because of their comparative advantages in judging risk and in offering services tailored to the needs of poor people. Authors conclude that formal financial institutions should learn from informal lenders to improve their operations. [1329]

34. Braverman, Avishy and Luis J. Guasch, "Capital Requirements, Screening and Interlinked Sharecropping and Credit Contracts," Journal of Development Economics, 14(1984): 359-374.

Article provides insights into the reasons for interlinking of markets. Aspects of interlinked credit and tenancy contract in production loans are presented. In an environment characterized by a heterogeneous labor pool and imperfect information landlords have an incentive to use screening devices. They may use linking of tenancy and credit contracts as this device. Under a monopolistically competitive market structure, the interest rate-principal schedule is downward sloping and the equilibrium set of contracts is characterized by a multiplicity of interest rates. The equilibrium may be efficient while the equilibrium allocation under a regime of no

credit linking is always inefficient. Authors present one more rationale for linking credit and tenancy contracts.

35. Braverman, Avishy and Joseph E. Stiglitz, "Landlords, Tenants and Technological Innovations," Journal of Development Economics, 23(1986): 313-332.

It has been claimed that landlords use control over the means of production to direct the adoption of technological innovations to their benefit and to the detriment of tenants. These contentions have typically been dismissed out of hand by standard welfare economics arguments. The rural environment of most low income countries may not, however, be adequately described by the standard economic model. Authors show that there may be some truth in this view by which landlords resist innovation by using the interlinkage between credit and tenancy markets. They conclude landlords may adopt innovations that not only decrease the worker's welfare but also reduce the net national product.

36. Bruch, Mathias, "Financial Sources of Small-Scale Manufacturers: A Micro-Analysis for Malaysia," Kiel Institute of World Economics, Kiel, West Germany, October 1982, 28 p.

Paper analyzes the sources of credit for small-scale manufacturing establishments (SSEs), the relative importance of own funds, and the role of informal financing. Based on a survey covering 399 establishments in Malaysia it was found that small borrowers preferred to get loans from informal markets because of the convenience, the flexibility, and the lack of collateral. Author concludes that the banking system needs to change its terms of lending if it desires to have greater access to SSEs. [3727]

37. Burkett, Paul, "Informal Finance in Developing Countries: Lessons for the Development of Formal Financial Intermediaries," unpublished paper, Department of Economics, Miami University, Florida, January 1988, 36 p.

Author discusses the advantages of informal finance over formal markets operating under inefficient regulatory constraints. He outlines how informal finance may ease the transition to a financially liberal regime and recommends that along with the removal of restrictive restrictions, governments could provide subsidies or technical assistance to promote innovation by formal markets. This would encourage formal institutions to provide informal intermediaries access to scale, scope, and specialization economies to improve the quality of financial services. [0110]

38. Burkett, Paul, "Informal Finance and Financial Liberalization: Complements or Competitors?" Unpublished paper, Department of Economics, Miami University (Florida), July 1989, 31 p.

Critiques the argument that liberalizing interest rates in formal financial systems will decrease the total volume of loans made by the formal and informal financial systems because of reserve requirements in the formal financial system. Author goes on to argue that the efficiency of the financial system would be improved through liberalization of interest rates and that the loan-decrease effect would not be significant.

39. Caplan, Lionel, "The Multiplication of Social Ties: The Strategy of Credit Transactions in East Nepal," Economic Development and Cultural Change, 20(1972): 691-702.

The implications of multipurpose social ties in the provision and servicing of credit in small-scale societies in four settlements in Nepal are discussed in this article. To meet consumption needs, landowners borrow through pledging land. Often, in the lieu of interest, borrowers give the creditor farming rights. Prospective tenants compete for the right to use the land by offering loans. [0586]

40. Central Bank of Nigeria, "National Agricultural Credit Study," unpublished study prepared by the Central Bank of Nigeria, Lagos, Nigeria, 1986, 831 p.

Report presents the results of a multi-institutional study on rural credit in Niger. In addition to discussing formal financial markets, study assesses the performance of informal savings-credit associations and moneylenders. From a national survey it was found that 56 percent of all rural credit was provided by informal financial markets. Study concluded that the informal sector should be accommodated in the design of a new credit system in Niger.

41. Chandavarkar, Anand G., "The Informal Financial Sector in Developing Countries: Analysis, Evidence, and Policy Implications," International Monetary Fund, Washington, D.C., 1985, 40 p.

Paper provides a framework for the overall analysis of informal finance by defining and describing its main characteristics as well as by analyzing the composition and role of this sector in developing countries. Author distinguishes the main features of informal finance that provides the bulk of rural credit and most of the financial requirement of small and medium business enterprises and urban households in these countries. Further, the implications for monetary policy and financial intermediation are assessed. The author concludes that a coherent and positive policy by central banks should be adopted in relation to informal finance. [3395]

42. Chandavarkar, Anand G., "The Non-Institutional Financial Sector in Developing Countries: Macroeconomic Implications or Savings Policies," Savings and Development, 2(1985): 129-140.

Investigates the macroeconomic implications of the non-institutional financial sector in developing countries based on secondary data from selected low income countries from the mid-60s to the early-70s. Author argues that the non-institutional financial sector acts as a vehicle of disintermediation, erodes the efficacy of monetary policy, and impedes the efficient mobilization and allocation of savings. Recommends the adoption of the "more desirable" features of the informal sector by the institutional sector, particularly with regard to small savers and borrowers. [3102]

43. Chandavarkar, A.G., "The Premium for Risk as a Determinant of Interest Rate in Underdeveloped Rural Areas: Comment," The Quarterly Journal of Economic, 79(1965): 322-327.

Author comments on an article by Bottomley (1963) on the determination of interest rates in developing countries. He argues that the elements of monopoly and oligopoly may be more important factors for explaining the high rates of interest in the underdeveloped economies than the risk premium or administration charges. The multiplicity of customer rates of interest, combined with the low density of moneylenders, lead the author to argue that informal lenders are able to act like discriminating monopolists.

44. Chandavarkar, Anand G., "The Role of Informal Credit Markets in Support of Microbusinesses in Developing Countries," International Monetary Fund, prepared for the World Conference on Support for Microenterprises, Washington, DC, June 6-9, 1988, 30 p.

This paper analyzes the role of informal credit markets (ICM) in helping microbusinesses (MB) in developing countries with reference to Asia and Africa. It was concluded that the share of ICMs in the total finance of MBs is large, availability of working capital is scarce, and ICMs are better retailers of credit than collectors of savings. Intermediate financial technology along the lines of the Grameen Bank in Bangladesh and enhancing the efficacy of ICMs on a disaggregated basis to serve the MBs are the primary recommendations to improve performance. [0494G]

45. Chen, S.J., M.H. Mao and S.S. Reynolds, "Rotating Credit Collusion in Repeated Auctions with a Single Buyer and Several Sellers," Economics Letters, 16(1984): 1-6.

A parallel application of the rotating credit structure for tacit collusion among several sellers with a single agent buying an indivisible commodity from them at regular intervals via sealed-bid auctions is described.

46. Chotiqeat, Tosporn, "Savings Mobilization via Rotating Savings and Credit Societies in LDCs," unpublished paper prepared for the World Bank, circa 1987, 30 p.

The economics of ROSCAs (pia huey) is analyzed using the example of Thailand. Information was collected through informal interviews with 60 individuals involved in ROSCAs in two rural areas and in Bangkok during the summer of 1983. Participant procedure, the determination of bidding interest rates, the reasons for participating, the amount of money involved and duration of cycles, and the default rate are discussed in detail. The traditional view of development economists that informal financial markets in LDCs may cause resource misallocation is challenged. [0694]

47. Chowdhury, Farouk A. and Atiq Rahman, "Urban Informal Financial Markets in Bangladesh," Bangladesh Institute of Development Studies, Dhaka, Bangladesh, August 1988, 46 p.

Assesses the performance of urban informal financial markets (IFMs) in Bangladesh. Historical background on IFMs is presented. The size of these markets and the trends over time are estimated for urban areas. Authors discuss the nature of informal credit operations, levels of interest rates and market segmentation. The study did not find any evidence of IFMs that accept deposits or mediate savings. In urban areas, the IFM is seen to promote the equity objective as it is the only source of credit for the poor. [3878]

48. Christen, Robert P., "What Microenterprise Credit Programs Can Learn from the Moneylenders," unpublished paper, ACCION International, San Jose, Costa Rica, 1988, 26 p.

Paper is based on the experience of ACCION International's work in microenterprise credit programs. Author discusses the main features of informal financial markets and how these features might be incorporated into microbusiness programs. These lessons are analyzed in terms of reducing both credit risk and borrower transaction costs as well as improving borrower selection and collection mechanisms. Author concludes that if credit programs can keep transaction costs down and are aggressive in pursuing delinquent borrowers, large numbers of potential beneficiaries can be reached. [0648]

49. Cope, Thomas and Donald V. Kurtz, "Default and the Tanda: A Model Regarding Recruitment for RCAs," *Ethnology*, 19(1980): 213-231.

An alternative to the economic approach of examining RCAs is presented by constructing a profile of the significant traits shared by the membership of the RCAs found in one region of Mexico. It is hypothesized that the problem of default is the underlying factor which directs the recruitment process. Tanda participants were generally found to be in good standing in the community based upon a shared ideology and sociocultural factors.

50. Darling, M.L., *The Punjab Peasant in Prosperity and Debt*, London: Oxford University Press, 1925.

Author reports on rural economics and borrowing among farmers in the Punjab during British Colonial rule. He is quite critical of most forms of informal finance, especially the moneylender and recommends they be replaced with formal forms of finance.

51. Das-Gupta, A., "Reports on Informal Credit Markets in India: Summary," Unpublished report prepared for the Asian Development Bank by the National Institute of Public Finance and Policy, New Delhi, India, August, 1989, 140 p.

Author provides a summary of the results of a number of recent studies of informal finance in urban areas of India. These studies show the variety of informal financial arrangement found in the country and also call into question many of the stereotypes that have been applied to informal finance in the past in India. [0787]

52. Das-Gupta, A., C.P.S. Nayar and others, "Urban Informal Credit Markets in India," Draft report, National Institute of Public Finance and Policy, New Delhi, February 1989, 551 p. + Appendices.

Report assesses informal financial markets (IFMs) in urban India. The objectives are: to estimate the size and importance of IFMs; to analyze the structure of IFMs and the extent and impact of government regulation; to analyze the impact of IFMs on allocation, distribution, and growth; and to derive policy recommendations. A survey of households and firms was used to collect data on various informal financial instruments and ten sectors using informal loans. The major findings are: i) informal credit was the dominant source of credit and was largely used for productive purposes; ii) IFMs generally have a competitive structure; iii) IFMs usually promote the efficiency of resource allocation and favors economically weak sectors; iv) although IFMs may reduce the impact of short run monetary policy, they do not make it ineffective. [3887]

53. Delancey, Mark W., "Institutions for the Accumulation and Redistribution of Savings Among Migrants," Journal of Developing Areas, 12(1978): 209-224.

Attitudes conducive to saving among migrant workers in the plantation region of southwestern Cameroon is explored through interviews with 500 persons. Institutions that facilitate savings were studied through participant observation in five organizations. A large proportion of migrant workers save some of their earnings each month, usually for later consumption rather than investment. Two types of informal financial institutions are available in this area: njangi and meetings, whose primary purpose is social. Evidence suggests that both the desire and means for saving exist in rural Cameroon.

54. Delancey, Virginia, "The Impact of the Credit Union Movement on Production and Accumulation in the Agricultural Sector of Cameroon," Unpublished paper, Department of Economics, University of South Carolina, June 1988, 47p.

As part of a larger study of credit unions the author provides a description of major types of informal finance found in Cameroon. [0790]

55. Delancey, Virginia, "Women at the Cameroon Development Corporation: How Their Money Works," Rural Africana, 2(1978): 9-33.

Author describes the efforts to accumulate savings by a group of women working in the Cameroon Development Corporation in South Cameroon. The objective of her analysis was to analyze how wage-earning women spend their stable incomes. Study showed that most women interviewed had some saving in informal forms. The main reason given for savings was to pay for education. [2019]

56. Desai, B.M., "Formal and Informal Credit Sources in Tribal Areas: A Case of Dharampr Taluka," Artha-Vikas, 11(1976): 78-94.

Reviews the socio-economic environment in which informal finance operates. While formal markets provide loans, the informal sector performs a multi-functional role in the credit, product, and factors market. This is argued to be the main reason why Indian informal markets have not been replaced by formal finance. Author suggests that formal institutions should develop a multi-functional role and integrate the farmer's financial needs vertically and horizontally. [1422]

57. Espejo, Justo R., "Product-Share Contracts as a Form of Credit in Less Developed Countries: The Case of Bolivia," unpublished M.S. Thesis, Dept. of Economics, Arizona State University, Tempe, Arizona, 1982, 64 p.

Share rental arrangements are a common way of renting land where the landlord makes land available to tenants in exchange for a share of the product. The author of this thesis argues that product-share arrangements are in-kind loans. He goes on to point out that risk plays a key role in determining which lender's preferred. Although this type of contract is widely used in Bolivia, it appears there has been a decrease in these contracts as financial markets have developed. [2482]

58. Fernando, Nimal A., "An Analysis of Interest Rates in the Informal Rural Credit Markets of Sri Lanka," Staff Studies, Central Bank of Ceylon, 19(1989):

Paper challenges the assertion that informal lenders in Sri Lanka exercise monopoly power in the form of excessive interest rates. Uses various sources of information to show that weighted interest rates in the informal financial market are not much different from unsubsidized rates plus borrowers transactions costs from formal sources of loans. Goes on to argue that there are plausible economic reasons for some informal lenders charging some borrowers relatively high interest rates. [0757]

59. Fernando, Nimal A., "The Interest Rate Structure and Factors Affecting Interest Rate Determination in The Informal Rural Credit Market in Sri Lanka," Savings and Development, 3(1988): 249-271.

Discusses the interest rate structure and the factors affecting interest rate determination in the informal sector in Sri Lanka. Author argues that despite Government policies aimed at reducing the importance of the informal sector, it continues to be the dominant source of credit. Concludes that interest rates in the informal system--contrary to popular belief--have not been exorbitantly high and are not out of line with the rates prevailing in the formal sector.

60. Firth, Raymond and B.S. Yamey, Capital, Savings and Credit in Peasant Societies, London: Allan and Unwin, 1984.

Contains a collection of papers done mostly by economic anthropologists. A number of these papers report on various forms of informal finance around the world.

61. Floro, Sagrario Lim, "Credit Relations and Market Interlinkage in Philippine Agriculture, "unpublished Ph.D. dissertation, Stanford University, 1987, 373 p.

The character of informal credit relations in agrarian economies and the role of market interlinkage in such relations in the Philippine rice and corn sector is examined. Primary data were collected during a multi-visit sample survey of 111 Philippine borrower-households in 1984 and interviews with eight trader-lenders and eight farmer-lenders. The results suggest that trader-lenders and farmer-lenders sort prospective borrowers according to different risk and collateral criteria and the linking of credit with other market transactions allows, not only interest returns, but other forms of returns as well, including output underpricing and land acquisition. [0302]

62. Floro, Sagrario L., "Technical Change and the Structure of Informal Credit Markets in Philippine Agriculture," unpublished paper presented at the First Workshop on Differential Impact of Modern Rice Technology on Favorable and Unfavorable Production Environments, Los Baños, Philippines, March 1987, 60 p.

Paper examines the impact of technical change on informal credit markets serving corn and rice producers in the Philippine. It investigates how technical change has affected both the debt burden and repayment capacity of borrowers, as well as loan sources. Data used consisted of a survey sample of 111 farmers and 8 trader-lenders conducted in 1984. Study determined that technical innovation facilitated the emergence of traders who replaced landlords and farmer-lenders as credit suppliers. [0630]

63. Fruin, Th. A., "Popular and Rural Credit in the Netherlands Indies," Bulletin of the Colonial Institute of Amsterdam, 1(1937):106-115.

Describes various forms of informal finance found in rural areas of Indonesia during the 1930s.

64. Gaviria, Fernando, "El Mercado Extrabancario y las Tasas de Interes en Colombia," Revista del Banco de la Republica, 51(1978): 776-806.

The performance and growth of the informal financial sector in Colombia is the focus of this article. Author reviews the conditions that have allowed this sector to grow at a high rate and discusses its modus operandi. He goes on to conclude that various measures show the informal sector makes-up a large part of the financial system. He further argues that interest rate restrictions in formal financial markets are a major reason for the growth in informal finance. [1846]

65. Geertz, C., "The Rotating Credit Association: A 'Middle Rung' in Development," Economic Development and Cultural Change, 10(1962): 241-263.

The author suggests that rotating credit associations (RCAs) serve as a "middle rung" in development by educating peasants, urban proletariat, and recent peasant migrants to cities for participation in urban commercial structures and institutions. RCAs are an intermediate institution growing up within the peasant social structure, to harmonize agrarian economic patterns with commercial ones and to act as a bridges between peasant and trader attitudes toward money. [0203]

66. Geron, M.P.S., "Philippine Informal Rural Credit Markets: Efficiency and Equity Issues," Paper presented at ACPC-PIDS-OSU sponsored seminar-workshop on Financial Intermediation in the Rural Sector: Research Results and Policy Issues held on 26-27 September 1988, Central Bank of the Philippines, Manila, Philippines, 18 p.

The following issues are explored: (1) informal private moneylenders engage in interlocking market activities, (2) informal credit arrangements vary according to the economic environment in which the lender operates, (3) a lender employs flexible lending arrangements to increase his profits, and (4) the number of competing lenders in an area increases with the development of the area. Author concludes that an element of competition exists among rural lenders in relatively developed rural economies. [0193]

67. Ghatak, Subrata, "Rural Interest Rates in the Indian Economy," Journal of Development Studies, 11(1975): 190-201.

Analyzes the major features of interest rates in Indian's rural money markets. This market is distinguished by its duality, where the unorganized sector largely dominates. Author argues that high rural interest rates are largely explained by risk and uncertainty, rather than by the monopoly power of moneylenders, although monopoly profits may exist in some cases. A theoretical model is constructed and statistical tests used to prove the hypothesis. Author concludes that an increase in farm incomes may reduce the risk premium and, hence, rural interest rates. [1462]

68. Ghatak, Subrata, Rural Money Markets in India, Meerut, India: The Macmillan Company of India Limited, 1976.

Studies the nature, composition, and operation of the organized and unorganized money markets in rural Indian, and then goes on to discuss the links between these two markets. On the supply side, the unorganized sector dominates as a source of funds. Author argues that the existence of a large unorganized financial market prevents the growth of financial assets through which savings could be held and also hinders monetary

policy. Concludes that the links and the degree of contact between the organized and unorganized financial sectors are low. Concludes that it is desirable to promote a greater degree of integration of these two sectors in order to provide more financial services to farmers.

69. Ghate, P.B., "Informal Credit Markets in Asian Developing Countries," Asian Development Review, 6(1988): 64-85.

Article describes the main characteristics of informal credit markets in Asian countries: their size, structure, and segmentation. The macroeconomic policies adopted by these countries that affect these markets are discussed as well as the role of informal finance in fostering development of the entire financial system. [0295]

70. Ghate, P.B., "Some Issues for Regional Study on Informal Credit Markets," unpublished paper, Economics Department, Asian Development Bank, Manila, Philippines, 1985, 41 p.

Argues that the major question to be answered by research on informal credit markets in Asian countries are: 1) the extent to which informal finance contributes to domestic resource mobilization; 2) its contribution to allocative efficiency; and 3) its equity impact. The author proposes an outline for country-based studies on informal markets and discusses the various issues that have been raised so far in the literature regarding the particular components of the study. In the process, a broad view of the relevant literature is provided. [3529]

71. Ghose, A.K., "The Formation of Usurious Interest Rates," Cambridge Journal of Economics, 4(1980): 169-172.

Author comments on an article by Bhaduri (1977) titled "On the Formation of Usurious Interest Rates in Backward Agriculture". He argues that Bhaduri did his analysis assuming that the informal loans were for consumption purposes. Author argues that where productive uses of loans are made, the high rates of interest might be explained by high rates of returns to investment.

72. Graham, Douglas and others, "Informal Finance in Rural Niger: Scope, Magnitudes and Organization," Economics and Sociology Occasional Paper No. 1472, Department of Agricultural Economics, The Ohio State University, May 1988, 22 p.

Paper is based on three rural field surveys done in Niger in 1985 and 1986. It presents findings of these surveys and an overview of formal and informal financial services. The network of merchant finance, the separate roles and magnitudes of wholesale and retail finance, and the importance of tontines and moneylenders are described. Authors draw conclusions concerning the

prospects for building financial services down from formal structures or building them up from an informal base. [1472]

73. Haggblade, Steve, "Africanization from Below: The Evolution of Cameroon Savings Societies into Western-Style Banks," Rural Africana, 2(1978): 35-55.

Author hypothesizes that as associations with rotating funds reach some upper limit in deposits they are no longer workable and will evolve into formal banks. A group of Cameroonian businessmen have formed the latest generation of urban njangis, an official chartered bank. This is thought to be the logical conclusion of the evolution and represents an integration of the two credit systems, the njangis and the banks. This process of africanization from below may lead to the formation of a custom-fitted financial system. [1962]

74. Hamid, Naved and Ijaz Nabi, "Privatizing the Financial Sector in LDC's: Lessons of an Experiment," Unpublished paper, Development Research Department, Economics and Research Staff, World Bank, Washington D. C., December, 1986, 24 p.

Authors describe the growth and demise of private finance companies in Pakistan during the late 1970s. By mid-1979 there were 80 of these companies in the country with about 1,300 branches, many located in rural areas. It is particularly interesting to note how these companies attracted substantial amounts of savings in rural areas. [3896]

75. Haq, Ziaush Shams, "Informal Financial Market and the Goldsmiths/Gold Merchants in Bangladesh," Working paper number 7, Studies on Informal Financial Markets in Bangladesh, Bangladesh Institute of Development Studies, Dacca, Bangladesh, October, 1988, 67 p.

Paper focus on gold merchants in Bangladesh and the way they finance their business through informal arrangements. [3819]

76. Harriss, Barbara, "Money and Commodities, Monopoly and Competition," unpublished paper presented at the Workshop on Rural Financial Markets and Institutions, Wye College, Wye, England, June 12-14, 1979, 23 p.

The nature of the rural money market is analyzed to see its role in constraining the expansion of agricultural production. Data were obtained from a random sample of 200 traders in various agricultural markets; from random surveys of 20 village co-operatives and from 200 paddy producers in 12 villages of North Arcot District in southern India during 1973/1974. The high degree of competition makes for the availability of low interest

rates charged on loans to farmers. Thus the trader allows the marginal farmer to reproduce himself and survive.

77. Harriss, Barbara, "Money and Commodities: Their Interaction in a Rural Indian Setting," in Rural Financial Markets in Developing Countries, edited by J.D. Von Pischke, Dale W Adams, and Gordon Donald, Baltimore: The John Hopkins University Press, 1983, pp. 233-241.

Reports on a study carried out in a rural area in southern India where the money market consists of pawnbrokers, state cooperatives offering subsidized credit, and private traders who compete actively for farmers' purchases or sales by offering them loans on favorable terms. State banks actively lend to the traders so that they may relend to farmers; this results partly from government's effort to increase the use of fertilizers. One consequence of active competition among lenders is to keep many small farmers in operation who might not survive without credit.

78. Hill, Polly, The Migrant Cocoa Farmers of Southern Ghana, London: Cambridge University Press, 1963.

Author describes the spreading of the cocoa industry in Southern Ghana among indigenous tribes and the way this was financed.

79. Holst, Juergen U., "The Role of Informal Financial Institutions in the Mobilization of Savings," Savings & Development: Proceedings of a Colloquium Held in Paris: 28, 29 and 30 May 1984, seminar sponsored by the Centre d'Etude et de Recherche sur L'Epargne, les Patrimoines et les Inegalites, University of Paris, May 28-30, 1984, 40 p.

Paper discusses the structure and importance of informal financial markets. Author summarizes the studies carried out on the performance of these markets in terms of: their responsiveness to customers' needs, their economic efficiency, how interest rates are set; and how they affect the allocation of resources. The policies that might be used to alter the performance of these markets are discussed and the merits of transforming informal to formal financial arrangements are also covered. [3130]

80. Hussein, Mohammed Ghulam, "An Analytical Review of Non-Formal Rural Credit Studies in Bangladesh," unpublished study, Agricultural Development Council, Dhaka, February 1983, 139 p.

Reviews literature and studies done on informal financial markets in Bangladesh for the period 1947-1982. It presents a summary and critique of research methods used, sources and magnitudes of informal credit, patterns of informal credit use, and the terms and conditions applied to informal loans. The stereotype that all non-institutional credit is usurious is questioned. Studies emphasize the economic importance of this informal

finance. Although its relative importance has declined, informal loans still provides over 60 percent of rural loans. [2767]

81. Hyuha, M. and M.O. Ndanshau, "Unorganised Financial Markets in Tanzania: Scope, Structure and Policy Implications," Unpublished paper, Department of Economics, University of Dar-es-Salaam, Dar-es-Salaam, Tanzania, December, 1987, 45 p.

Paper presents an outline of a study of informal finance in Tanzania carried out during the late 1980s. [0707]

82. Igben, M.S., "The Moneylender and the Provision of Short-term Agricultural Credit in the Peasant Economy of Western State of Nigeria," Savings and Development, 2(1977): 89-96.

Examines the services provided by moneylenders serving the peasant economy in Western Nigeria. Author argues that moneylenders are shrewd businessmen who understand their socio-cultural economic environment. Conclusions are that, despite some shortcomings, the moneylender provides useful services at a great risk due to the lack of acceptable collateral. It is recommended that any credit scheme should consider integrating reputable moneylenders. [1542]

83. International Labor Office (ILO), "Group Based Savings and Credit for the Rural Poor," unpublished paper presented at the Workshop on Group-Based Savings and Credit in Bangladesh, ILO, Geneva, 1984, 126 p.

Contains eleven papers presented during a workshop which reviewed experiences in group-based savings and credit projects for the rural poor in Bangladesh, India, Sri Lanka, the Philippines, Pakistan, Nepal and Thailand. Also includes a report adopted by the Workshop recommending the use of groups for small-farmer lending and the incorporation of savings mobilization in all group credit schemes. [3234]

84. Jackelen, Henry R., "Banking on the Informal Sector: Suggestions of Using Financial Institutions to Reach Microenterprises in Developing Countries," Prepared for the World Conference on Support for Microenterprises, Washington, D.C., June 6-9, 1988, 14 p.

Author argues that programs and projects that provide financial services to microenterprises (MEs) can be specialized intermediaries linking the formal financial sector in developing countries. Illustrations from Brazil and Bangladesh with reference to informal sectors financing MEs are provided. Author recommends that commercial banks should be used to leverage guarantee funds by as much as ten to one, on a graduated basis. [0494R]

85. Johnson, Merle, "A Study of the Partner System of Saving in Jamaica," unpublished study prepared for the National Savings Committee in Kingston, Jamaica, September, 1975, 93 p.

Presents the results of a survey of 516 households in Jamaica in late 1973 and early 1974. The survey focused on savings activities and collected information on participation in informal rotating savings and credit associations that are called 'partners' in Jamaica. The study found that a large percent of the individuals interviewed were members of at least one partner group. Details on the size, composition, and procedures of the partner groups are summarized in the report. [3124]

86. Johny, Michael, Informal Credit for Integrated Rural Development in Sierra Leone, Hamburg: Verlag Weltarchiv, 1985, 212 p.

Reviews the credit markets in Sierra Leone and also discusses the limitations and strengths of informal lending. Results of a survey showed farmers willingly pay high interest rates to informal lenders because of the promptness of disbursements, non-targeting credit features, and the simplicity of operations. Study concludes that informal systems are better channels for farm loans than are current formal institutions. Author recommends the use of informal systems to channel loans to borrowers of small amounts.

87. Jwa, Sung-Hee, "Informal Credit Markets in Korea (Research Proposal)," unpublished paper, Korea Development Institute, Seoul, Korea, January 1986, 29 p.

The history and current status of informal credit markets (ICMs) in Korea are briefly discussed. The issues stressed in the research proposal include: i) size and trends in ICMs; ii) interaction between formal finance and ICM; iii) possible impact of ICMs on the effectiveness of various macroeconomic policies; and iv) the role of ICMs in economic growth. A research program designed to deal with these issues is presented. [3497]

88. Karkal, Gopal, Unorganized Money Markets in India, Bombay: Lalvani Publishing House, 1967, 138 p.

Author describes the historical background and current operations of indigenous financial agencies in India, the interest rate structure in the unorganized money market, their links with the organized market, and the relationship among indigenous agencies. The indigenous financial agencies play an important role in supplying loans for productive purposes. This does not mean they are not indispensable. Author concludes by arguing agencies that want to play a positive role in the credit system have to reform, reorganize themselves, and also be regulated by the central monetary authority.

89. Kerri, James Nwannukwu and others, "Studying Voluntary Associations and Adaptive Mechanisms: A Review of Anthropological Perspectives," Current Anthropology, 17(1976): 23-35.

Selected anthropological studies of voluntary and other common-interest associations are reviewed, showing how these groups have been studied as adaptive mechanisms in situations of social, cultural, and technological change, especially those types of change which involve rapid urban growth and large-scale migration of rural populations to towns and cities. Attention is given to studies in Africa, Asia, western Europe and North America and to rotating credit associations.

90. Kim, S.H., "Rural Savings Mobilization: A Regional Perspective," unpublished paper presented at the FAO/APRACA Regional Consultation Meeting on Rural Savings Mobilization, Seoul, Korea, 1985, 30 p.

Author challenges the assumption that rural households do not save, citing the experiences of eleven Asian countries during the period 1970-1982 as evidence. He concludes that successful mobilization programs undertaken in the region have had the following in common: i) preferential/flexible interest rates; ii) linkage of formal financial institutions with informal schemes to harness rural savings; iii) provision of credit to depositors together with other agricultural services; and iv) improvements in banking outreach in rural areas. Suggests the development of linkages between banking institutions and informal schemes as a feasible approach to mobilize more savings. [3318]

91. Kui, Ng Beoy, "Some Aspects of the Informal Financial Sector in the Seacn Countries," unpublished paper, the South-East Asian Central Bank research and Training Center, Kuala Lumpur, Malaysia, December 1985, 46 p.

Paper presents a brief survey of the nature and structure of informal financial markets in Asia. Data were found to be fragmentary and subject to wide margins of error which made cross country comparisons and even intertemporal analysis within a country difficult. The size and magnitude of the informal financial markets, utilization of credit by borrowers in these markets, interest rates, and recent structural changes in informal markets are also analyzed. [3495]

92. Kurtz, Donald V., "The Rotating Credit Association: An Adaption to Poverty," Human Organization, 32(1973): 49-58.

Previous analysis of rotating credit associations (RCAs) has argued that they serve as vehicles for capital formation and the economic development of modernizing nations. In contrast, Kurtz suggests that RCAs represent

an socioeconomic adaptation to the condition of poverty and that this condition forces poor people to make alternative adaptations outside of the national institutional matrix in order to ensure their survival. RCAs do not seem to promote capital formation and economic development nor do they serve as mechanisms by which individuals may be trained for participation in urban national socioeconomic institutions. [1369]

93. Kurtz, Donald V. and Margaret Showman, "The Tanda: A Rotating Credit Association in Mexico," Ethnology, 17(1978): 65-74.

The Tanda, a rotating credit association (RCA) that is found in the central highlands of Mexico, is described and analyzed. The analysis includes looking at risks, and allocation of rotation order within the Tanda. Also considered are the commercial and consumer aspects of RCAs.

94. Ladman, Jerry R., "Some Empirical Evidence in Unorganized Rural Markets," Canadian Journal of Agricultural Economics, 19(1971): 61-66.

Author provides evidence why the farmer in the unorganized market is willing on rational economic grounds to accept credit at high interest rates. Based on a sample survey of Mexican farmers, author argues that the high marginal value products of capital demonstrate why farmers pay high interest rates. Implications of these findings for other areas and for agricultural policy are discussed. [0587]

95. Ladman, Jerry R., and Isaac Torrico, "Informal Credit Markets in the Valle Alto of Cochabamba Bolivia," unpublished paper presented at the 1981 Meeting of the Rocky Mountain Council on Latin American Studies, Las Cruces, New Mexico, February 12-14, 1981, 13 p.

Reports on research done in Bolivia aimed at quantify the size and extent of moneylenders' operations as well as the degree of competition in informal financial markets. It was found that moneylenders: i) typically lend small amounts for periods of several months, ii) provide almost half of all agricultural loans in the area; iii) work in a competitive market because there are no barriers to entry and there are large numbers of lenders; and iv) do not compete directly with banks much in terms of clients or services. [2477]

96. Lamberte, Mario B., "An Analysis of the Role of Pawnshops in the Financial System," Working Paper Series No. 88-04, Philippine Institute for Development Studies, Makati, Philippines, February 1988, 36 p.

Author reviews the role and the regulatory environment of pawnshops in the Philippines as well as appraises their profitability, their linkages with banks, and their sources and uses of funds. Author points out that pawnshops service large portions of small borrowers and that more

regulation of pawnshops would decrease the gains society realize from their operations. [0200]

97. Lamberte, Mario B. and Joven B. Balbosa, "Informal Savings and Credit Institutions in the Urban Areas: The Case of Cooperative Credit Unions," Working Paper Series No. 88-06, Philippine Institute for Development Studies, Makati, Philippines, April 1988, 157 p.

Authors argue that Philippine Cooperative Credit Unions (CCUs) should be classified as part of the informal finance sector as these institutions are not supervised or regulate by the Central Bank. One of the main reasons why CCUs are popular is because loans are granted based on the borrowers' cash flow rather than on collateral. From a sample of CCUs, it was found that these cooperatives have performed well without Government regulation and that very often CCUs started as an informal rotating savings and credit association. [0201]

98. Lamberte, Mario B. and Anita Abad Jose, "The Manufacturing Sector and the Informal Credit Markets: The Case of Trade Credits in The Footwear Industry," Working Paper Series No. 88-07, Philippine Institute for Development Studies, Makati, Philippines, May 1988, 132 p.

Reports on a study conducted to assess the importance of informal credit markets in the Philippine footwear industry. Authors determined that these markets are fragmented and involve asymmetric information. They also found that post-dated checks are often used as loan collateral. Further, it was determined that the smaller the manufacturing firm, the higher the effective interest rate it pays on trade credit. There was also found to be a chain of trade credits in the industry from manufacturers to department stores. At the end of the chain linkages with the formal sector are usually found. Authors recommend the Government implement a risk-reducing program to disseminate financial information to firms. [3821]

99. Larson, Donald W., "Marketing and Credit Linkages: The Case of Corn Traders in the Southern Philippines," Economics and Sociology Occasional Paper No. 1539, Department of Agricultural Economics and Rural Sociology, Ohio State University, September 1988, 33 p.

Reports on a study of informal lending and borrowing among corn farmers in the Southern part of the Philippines in mid-1988. Found that most of the farmers interviewed used informal loans from corn traders and few received formal loans. Author argues that there are a relatively large number of corn traders and that they are able to exercise little if any monopoly power over their borrowers. [3703]

100. Larson, Donald W. and Rene Urquidi, "Competitiveness of Informal Financial Markets in Bolivia," Economics and Sociology Occasional Paper No. 1426, Department of Agricultural Economics and Rural Sociology, Ohio State University, December 31, 1987, 22 p.

Authors describe the system of loan brokering that was commonly found in urban areas of Bolivia in the mid-1980s. They describe the general procedures used by loan brokers and draw lessons that might be useful to formal financial intermediaries. Paper concludes that due to the large number of competitors, tied with the small size of transactions, the informal moneylending operates in a highly competitive and contestable market, not the monopolistic type frequently discussed in the literature. [0109]

101. Light Ivan H., Ethnic Enterprise in America: Business and Welfare Among Chinese, Japanese, and Blacks, Chapter 2, "Rotating Credit Associations," Berkeley: University of California Press, 1972.

The contribution of rotating credit associations to oriental commerce is examined and compared to banks. The poor performance of oriental and black owned banks suggest that the rotating credit association is a more efficient and satisfactory financial institution. Author also presents an assessment of the relative success of blacks in banking as well as an evaluation of the advantages and disadvantages of banking and of rotating credit as alternative types of lending institutions.

102. Long, Millard, "Interest Rates and the Structure of Agricultural Credit Markets," Oxford Economic Papers, 20(1968): 275-288.

Examines the structure of Asian farm credit markets and presents empirical evidence on credit conditions in India and Thailand. Paper analyzes the conditions that must prevail in order for a monopoly to exist and estimates the importance of these conditions on agricultural interest rates. The study's conclusions are that interest rates on agricultural loans in the above two countries are high, possibly because of some monopoly in the credit markets, but primarily because: (i) funds are scarce; (ii) loans are costly to administer; (iii) agriculture is risky; and (iv) the demand for credit is seasonal. These problems cannot be eliminated by government regulation or intervention. They will be solved only by the general development of financial markets and agriculture in general. [0325]

103. McKenzie, John, "Credit for the Informal Sector: An Experiment with Informal Sector Lending, and the Problems for its Institutionalization in Senegal," unpublished paper, Management Systems International, Washington, DC, 1989, 9 p.

Paper provides a brief overview of the informal economic sector in Senegal, the banking system in the country, and a credit project for small enterprises

in the country funded by the Agency for International Development. The project emulated some of the features found in the informal financial system.

104. McLeod, Ross, "Case Studies of Small Business Financing in Indonesia", presented at Conference on Financial Research in Indonesia, August 26, 1984, published as "In Defence of the Capital Market: A Study of the Financing of Small Business in Indonesia," Working Paper No. 101 in Economics and Econometrics, Australian National University, May, 1984, 42p.

Author reports on a study done in 1978 of how small firms in Indonesia obtain funding for their operations. He found that small firms typically have a relatively large number of sources where they might obtain funds and that the range of funding sources expands as the firms mature. An interesting aspect of this study is the discussion of how small firms establish and enhance their creditworthiness over time. [3424]

105. Madhur, S. and C.P.S. Nayar, "Informal Credit Markets in India: Their Size, Structure, and Macro Implications," unpublished paper prepared for the OECD, Paris, France, December 1987, 102p.

Authors review much of the recent literature on informal finance in India and then go on to present estimates of the relative importance compared to formal loans and deposits. They then go on to conclude that informal finance is still relatively important in India and that it makes a major contribution to development. [0751]

106. Mahabal, S.B., "Institutionalizing the Moneylender," Indian Journal of Agricultural Economics, 9(1954): 175-178.

Author argues that moneylenders provide a worthy economic service in India. He recommends several ways the moneylenders' services might be expanded and improved through institutionalizing and grouping their activities.

107. Maloney, Clarence and A.B. Sharfuddin Ahmed, "Rural Savings and Credit in Bangladesh: An Anthropological Study," draft report prepared for the Bangladesh Bank, Dhaka, Bangladesh, May 1985, 135 p.

Reports on anthropological studies and interviews with a sample of 300 rural households in Bangladesh in late 1984 and early 1985 in six areas. Study focused on gathering information about income, sources of income, assets, borrowing behavior and savings activities. Also discusses loan recovery and bribery problems. [3882]

108. Maloney, Clarence and A.B. Sharfuddin Ahmed, "Informal Savings and Loan Groups," Chapter 3 in Rural Savings and Credit in Bangladesh, Dhaka: The University Press Limited, 1988, pp. 63-113.

Groups in Bangladesh having savings and loan functions that are not connected with formal institutions and which are not registered as cooperatives are the focus of this chapter. The authors discuss the dynamics of group functioning. It was found that these informal savings and loan groups are a relatively new phenomenon in Bangladesh. Informal groups are formed according to an occupational category or according to function. It could not be concluded that group size is related to group stability and effectiveness.

109. Mangahas, Mahar, Virginia A. Miralao and Romana P. de los Reyes, "Tenants Lessees Owners," unpublished report by the Ateneo de Manila University Press, Quezon, Philippines, 1976.

Reports findings of a 1972/73 survey conducted in rural Philippines. Paper discusses the credit status of tenurial groups in terms of patterns of borrowing among farmers and loan repayment. The benefits received by tenants from their landlords are also discussed, including the benefits under share tenancy, leasehold, and amortizing ownership. [0003]

110. Masini, Jean, "The Role of Financial Intermediation in the Mobilization and Allocation of Household Savings in Developing Countries: Interlinks between Organized and Informal Circuits--The case of Togo," unpublished paper presented at the Internal Experts' Meeting on Domestic Savings Mobilization Through Formal and Informal Sectors; Comparative Experiences in Asian and African developing Countries, Honolulu, Hawaii, June 1987, 16 p.

Author discusses the dualism of the financial system in Togo where the formal and the informal sector co-exist side by side. He concludes that the informal savings schemes take many forms, are self-perpetuating, and do not have non-economic dimensions. The main reason why people rely on the informal rather than the formal system is accessibility. [0034]

111. Mauri, Arnaldo, "The Role of Financial Intermediation in the Mobilization and Allocation of Household Savings in Developing Countries: Interlinks between Organized and Informal Circuits--The Case of Ethiopia," unpublished paper presented at the Internal Experts' Meeting on Domestic Savings Mobilization Through Formal and Informal Sectors: Comparative experiences in Asian and African Developing Countries, Honolulu, Hawaii, June 1987, 28 p.

Author assess the performance of the formal and informal financial sector in promoting and mobilizing savings in Ethiopia. He states that the formal

financial market has mobilized few private deposits. This is attributed to social, political, and demographic factors common to many developing countries, as well as to economic policies. The principal factors which make the informal institutions more attractive include: the integration of the savings and credit activities with the possibility of obtaining credit under favorable terms through the informal savings and credit associations called ekubs in Ethiopia, the offer of forms of life insurance (i.e. Idirds), and the opportunity for contractual saving. [0013]

112. Messerschmidt, Don, "Rotating Credit in Gurung Society: The Dhikur Associations of Tin Gaun," The Himalayan Review, 5(1972): 3-35.

Article describes a type of rotating credit and savings association called "dhikur" found among the Gurungs and Bhotias of Tin Gaun in Nepal. Dhikurs have from ten to thirty members. At a predetermined frequency, members meet to contribute like amounts of money and distribute the fund following the written rules agreed to by all members at the first meeting. Author found that dhikurs work well, are widely accepted, and that almost all males of the villages studied are, or have been, members of a dhikur. [3804]

113. Miracle, Marvin P., Diane S. Miracle and Lauri Cohen, "Informal Savings Mobilization in Africa," Economic Development and Cultural Change, 4(1980): 701-724.

Article focuses on the mobilization of resources in the informal sector of Africa and stresses savings accumulated through clubs or associations and mobile banker. Savings in the informal sector are not zero and there exists a capital market in the informal sector with a great diversity of institutions operating. Authors suggest that segments of the informal financial market might be assimilated into the formal sector. [2223]

114. Moller, Birger, "The Role of Financial Intermediation in the Mobilization and Allocation of Household Savings in Zimbabwe: Interlinks Between Organised and Informal Circuits," Unpublished paper prepared for the OECD Development Centre, Paris, France, May, 1988, 175 p.

As part of a larger study the author describes several types of informal finance found in Zimbabwe that he encountered while interviewing about 30 households. The types described include ROSCAS, savings groups, savings clubs, friends and relatives, and funeral societies. The author concludes by discussing possible linkages between formal and informal finance. [0715]

115. Moore, Frank J., "Moneylenders and Co-operators in India," Economic Development and Cultural Change, 2(1953): 139-159.

Discusses the problems of accumulated indebtedness and credit needs among subsistence farmers in post-war India. Presents information that shows small farmers are burdened with past debt and then argues that no progress in agriculture is possible without a solution of this problem. Recognizes the important role played by moneylenders even though they exploit their monopoly position as suppliers of credit charging high interest rates. Points out the potential of the cooperative movement to provide effective financial services. Recommends the government issue bonds to pay moneylenders as compensation for existing accumulated rural debt. [3802]

116. Morton, Keith L., "Mobilizing Money in a Communal Economy: A Tongan Example," Human Organization, 37(1978): 50-56.

The view that rotating credit associations (RCAs) and other methods of mobilizing funds are an aspect of transition and function as a cornerstone for development is challenged. Rotating credit unions and savings clubs were studied on the main island of Tonga in 1970/71. The concepts of dual economic organization and monetization without commercialization are combined with features of the traditional communal economy to account for Tongan methods of funds mobilization.

117. Murshid, K.A.S. and Atiq Rahman, "Rural Informal Financial Markets in Bangladesh: An Overview," unpublished paper prepared for the Asian Development Bank by the Bangladesh Institute for Development Studies, Dhaka, September 1988.

Authors did a three-village level, household study of credit use plus some case studies. The villages represented three different regions of the country. where they interviewed 424 households. They note the difficulty of collecting data on informal markets because of illegality and prejudices against these markets. They also review the historical views toward informal lenders, many of whom were outsiders. The surveys showed that more than one-third of the households borrowed from informal lenders during last three years and that less than 10 percent of the households had access to formal loans. [0811]

118. Nayar, C.P.S., "A Study on Non-Banking Financial Intermediaries," unpublished paper, Institute for Financial Management and Research, New Delhi, September 1984, 181 p.

Report summarizes the characteristics and performance of six institutions working in the informal financial markets of India. These are: chit funds, nidhis, finance corporations, hire-purchase finance institutions, investment

companies, and loan companies. Author concludes that the investment and loan companies do little good for the public and engage in businesses not defined under their statutes. Recommends eliminating these activities from non-banking financial companies. Regarding the remaining four institutions, the study concludes they are operating well and minor changes in regulating them would be appropriate. [3111]

119. Nayar, C.P.S., Chit Finance - An Exploratory Study on the Working of Chit Funds, Bombay, Vora, 1973, 190 p.

This book attempts to study all the known types of Chit funds, classifying, naming and defining them. The financial aspects of transactions and other issues such as the role of the foreman, the regulatory aspect of legislation and the relation between banks and chitties are also dealt with. It is recommended that the Chit fund be integrated with commercial banks as a way to spread the banking habit as well as banking services in the economy. [1006]

120. Nayar, C.P.S., "Finance Corporations: An Informal Financial Intermediary in India," Savings and Development, 6(1982): 5-39.

Studies the activities and performance of Finance Corporations in rural and urban areas of India. These institutions operate as banks but are unregulated. The author concludes that finance corporations provide a valuable service to both savers and borrowers. Savers get a high rate of interest and also bear some risk, while borrowers pay higher interest rates than they would on loans from commercial banks, but like the informal loans because of their flexibility. Author argues that it is necessary to add some regulation of these institutions to offer greater protection to the depositors.

121. Nehman, Gerald, "Informal Credit in Paraguay," unpublished paper prepared for the Agency for International Development, Asuncion, Paraguay, January 1978, 34 p.

Paper reviews the role, importance and characteristics of the informal credit system in rural Paraguay. Informal lenders work on a personalized basis and provide several services besides credit. As informal lenders are influential in the community, small farmers must be careful not to damage their relationship. Author concludes that interest rates in these markets should be regulated and that the formal financial institutions should be strengthened. Concludes that the informal credit system should be only a source of emergency credit. [1551]

122. Nisbet, Charles T., "Interest Rates and Imperfect Competition in the Informal Credit Market of Rural Chile," Economic Development and Cultural Change, 16(1967): 73-90.

Presents a description of the informal rural credit market in Chile. Author classifies informal lenders into: commercial (village stores, itinerant traders, and moneylenders) and noncommercial (friends, neighbors, relatives). He then argues that informal commercial lenders realize usurious real interest rates, whereas noncommercial lenders often lend at negative real rates; and that high interest rates on commercial loans are due in large part to imperfect competition. [1189]

123. Nisbet, Charles T., "Moneylending in Rural Areas of Latin America: Some Examples from Colombia," American Journal of Economics and Sociology, 30(1971) 71-84.

Paper presents data collected through a sample survey of Colombian small farmers. In this survey farmers expressed their preference for moneylenders as credit sources. Author argues that this is because of the complex lending conditions imposed on borrowers by formal lenders. Paper then goes on to discuss policy implications. [0354]

124. Nisbet, Charles T., "The Relationship Between Institutional and Informal Credit Markets in Rural Chile," Land Economics, 45(1969): 162-173.

Paper discusses the relationship between institutional and informal credit systems in rural Chile. Survey data from a study carried out in the mid-1960s is used in the analysis. Survey findings supported the following conclusions: (1) the informal and institutional credit markets are differentiated by terms of lending and nature of market operation; (2) wealthy farmers are more closely tied to bank loans than are poor farmers; and (3) a greater number of farmers are served by the informal market than by the institutional credit market. [0844]

125. Norvell, Douglass G. and James S. Wehrly, "A Rotating Credit Association in The Dominican Republic," Caribbean Studies, 9 (1969):45-53.

Describes the origins, uses, practices, and the operating costs associated with the traditional Dominican rotating savings credit associations, called the San. Authors concludes that the San is widely accepted in the Dominican Republic because it satisfies economic, social, and psychological needs of its members. [1162]

126. Okonjo, Ngozi Nkemdilim, "Indigenous Rural Savings and Credit Systems: A Case Study from Bendel State, Nigeria," unpublished Masters thesis, Massachusetts Institute of Technology, May 1978, 208 p.

Author analyzes the various sources and magnitudes of informal savings and credit associations in Ogwashi-Uku in Nigeria. She found that there is a substantial savings capacity in rural areas. She then goes on to discuss the alternative ways of combining the indigenous system with some formal financial mechanisms to improve savings mobilization in rural areas. [1987]

127. Onchan, Tongroj, "Informal Credit and the Development of non-Farm Enterprise in Thailand," unpublished report prepared for the Agency for International Development by the Faculty of Economics and Business Administration, Kasetsart University, Bangkok, Thailand, January 1985, 85 p.

Author draws on data collected by various studies done during 1976-1984 to describe informal loans used by rural non-farm enterprises in Thailand. This includes descriptions of the importance of informal loans for these firms, how the informal financial market relates to the formal market, and rotating savings credit association, called share schemes in Thailand. The author goes on to discuss how financial market policies and economic conditions influence the performance of informal financial markets. He also presents several policy suggestions. [3237]

128. Otero, Maria, "A Handful of Rice: Savings Mobilization by Micro-Enterprise Programs and Perspectives for the Future," Draft, ACCION International, Washington D.C., April 1989, 62 p.

The paper presents a review of literature on the topic of savings mobilization in low income countries and then reviews four programs around the world that have placed emphasis on savings mobilization in conjunction with micro enterprise programs. Author goes on to argue that more emphasis ought to be placed on mobilization of savings within micro enterprise projects. [3798]

129. Panandikar, S.G., "Rural Finance: Moneylenders and Indigenous Bankers," Chapter 2, Banking in India, Madras, India: Dicoesan Press, 1956, pp. 47-86.

Examines indebtedness and the operations and characteristics of moneylenders and indigenous bankers in rural India. Author claims that a large part of rural indebtedness is inherited from parents. The outcome of this indebtedness is the transfer of land from farmers to non-agricultural moneylenders, an increase of landless laborers, and loss by borrowers caused by the compulsory sale of crops to the lender at a low price. The

main difference between the moneylender and the indigenous banker is that the former does not receive deposits, charges higher interest rates, and provides more consumption than trade and industrial loans. Author claims that there has been a decline in the importance of both moneylenders and indigenous bankers because of the growth of cooperatives.

130. Panikar, P.G.K. and others, "The Informal Credit Markets in Rural India," unpublished report, Centre for Development Studies, New Delhi, 1988, p. 269.

Study assesses the size, structure, and role of rural informal credit markets (IFMs) in India. Authors argue that the relative importance of the IFMs has declined due to the growth of the formal sector. The structure of these markets, characterized by segmentation, has undergone some major changes due to the increased competition from the institutionalized system. As a result, the scope of usury and other forms of exploitation has declined. However, the interest rate prevailing in the IFMs is still high. Interlinkages of the credit market with the land, labor, and commodity markets facilitate the maintenance of these high rates. Authors have some doubts about the impact of IFMs on domestic resource mobilization, allocative efficiency, and their impact of equity problems. [3880]

131. Pant, Chandrashekar, "Exploitation and Interrelated Tenancy and Credit Transactions," Indian Economic Review, 15(1980): 243-253.

Discusses and reviews the literature on the subject of interlinkage and the exploitative argument about informal lending. Sets up a model to refute the hypothesis suggested by Bhaduri(1973) that in a semifeudal backward economy the landlord would discourage the use of better technology. He concludes that interlinkage transactions are not always exploitative, although more data is needed before any policy conclusions can be drawn. [3805]

132. Partadireja, Ace, "Rural Credit: The Ijon System," Bulletin of Indonesian Economic Studies, 10(1974): 54-71.

Describes and evaluates an informal system of rural credit in Indonesia, the Ijon. In this system farmers pledge their crops for loans. Points out that this informal credit system is still very important despite government attempts to eliminate it. Author argues that the Ijon plays an important role in rural development and provides services not provided by the institutionalized financial system.

133. Platteau, Jean-Philippe and Anita Abraham, "An Inquiry into Quasi-Credit Contracts: The Role of Reciprocal Credit and Interlinked Deals in Small-Scale Fishing Communities," Journal of Development Studies, 23(1987): 461-490.

Several insurance-motivated credit arrangements in small-scale fishing communities in India are examined. A hunger insurance mechanism of reciprocal credit and a system of interlinked contracts aimed at insuring against risks in the spheres of labour and marketing relations are extensively dealt with. The concept of triadic relationships are shown to have special relevance in the case of traditional insurance arrangements aiming at limiting moral hazard. [0458]

134. Poapongsakorn, N. and P. Netayarak, "Regional Variation in Rural Interest Rates," unpublished report prepared for the Asian Development Bank by the Thailand Development Research Institute, Bangkok, January 1989, 184 p.

Examines the informal credit markets in Thailand with emphasis on market structure and reasons for variations in interest rates. Study uses primary data collected through informal discussions and structured survey of 435 participants in informal financial markets. These markets play an important role in providing credit for consumption and production purposes in Thailand. Substantial links were found between the formal and the informal financial markets. The study found some credit market segmentation and a few cases where a dominant lender earns economic rent because of the information he possesses about his borrowers. The results show that default risk and loan transaction costs explain most of the substantial inter-provincial variation in interest rates.

135. Pollard, Stephen K., "An Economic Analysis of a Rotating Savings and Credit Association in Taiwan," unpublished paper, Department of Economics, California State University, Los Angeles, California, 1983, 19 p.

Author studies the features and performance of the "hui", which is the denomination for the rotating credit and savings association (ROSCA) in Taiwan. Although a significant amount of savings are channeled to domestic investment through this instrument, it seems policy makers are not aware of their importance. The return on savings and the costs of borrowing for RoSCA members are derived. Author finds hui operating effectively. The important role played by the informal financial system is stressed even when the formal system is large and works properly. [2616]

136. Prabowo, D.G. and others, "Study on Informal Credit Markets in Indonesia," unpublished report by the Economic Research Center, Universitas Gadjah Mada, Indonesia submitted to the Asian Development Bank, December 1988, p. 130 + Annex.

Appraises the role of informal financial markets (IFMs) in promoting domestic resource mobilization, allocative efficiency, and equity in Indonesia. A survey of 129 lenders and 427 borrower is used as data. The study shows that IFMs provide the bulk of rural credit and an important part of urban credit in Indonesia. These markets feature low transaction costs due to their flexible procedures. IFMs serve to ameliorate inefficiencies in the allocation of formal sector credit. Authors recommend strengthening the links between the formal and the informal sectors and channel institutionalized credit through the efficient IFMs.

137. Prakash, B.A., "Private Financing Firms in Kerala," Economic and Political Weekly, 19(1984): 2,129-2,133.

Analyzes the factors contributing to the emergence of private financing firms in Kerala State, India, the methods they used, and their importance as a parallel banking system. Reports that since the beginning of the 1980s there has been a rapid growth of these institutions in Kerala. The main causes of this trend can be attributed to the rapid expansion of business activity and credit restrictions by commercial banks. Because finance firms cannot legally accept deposits, they channel savings as borrowed money on the basis of promissory notes. These firms pay interest rates higher than the maximum legal rate and operate with a flexible delivery system that attracts large numbers of borrowers and savers. Author recommends further regulation of these firms. [3838]

138. Presidential Committee on Agricultural Credit, "A Study on the Informal Rural Financial Markets in Three Selected Provinces of Philippines," Technical Board for Agricultural Credit, Central Bank of the Philippines, Manila, Philippines, 1981, 105 p.

Study focuses on the credit arrangements, interest rates, and innovative financing schemes of the informal rural financial markets in the Philippines. The analysis is based on a 1978 survey of 163 private moneylenders and 915 farmer borrowers in Balacan, Camarines Sur, and Isabela provinces. The study concludes that, in most of the cases, moneylenders provide valuable competitive credit services charging interest rates that are not significantly higher than in the formal sector. Among small-income farm households, private moneylenders generally enjoy comparative advantage over the formal institutions due to economies of scope. [0459]

139. Rahman, Atiq, "Domestic Savings Mobilization Through Formal and Informal Sectors in Bangladesh," unpublished study, Bangladesh Institute of Development Studies, Dhaka, Bangladesh, 1987, 53 p.

Examines the savings performance in Bangladesh in terms of the volume, trend, and composition of savings in the formal and informal sectors. Study discusses the historical background and characteristics of formal and informal financial markets. Informal markets provide the bulk of credit in Bangladesh. The funds for informal lending come largely from lenders' savings. Author did not find any evidence of formal deposit-taking by informal lenders. Although considerable savings were mobilized by informal groups, other schemes such as rotating savings and credit association were not found in Bangladesh. [0027]

140. Rahman, Atiq, "An Overview of the Informal Financial Markets in Bangladesh," Bangladesh Institute of Development Studies, Dhaka, February 1989, 28 p.

Discusses the characteristics and nature of informal financial markets (IFMs) in Bangladesh emphasizing: (i) its structure and segmentation; (ii) the interest rates charged and the monopoly profits obtained; and (iii) its role in deposit mobilization and resource allocation. A total of 14 case studies and a field survey of households are used as data. Author notes the ability of informal lender to discriminate among borrowers and the high rates of disguised interests being charged in the IFMs. He concludes that the impact of IFMs on savings mobilization, resource allocation, and improvement of income distribution is positive with some exceptions due to the usurious practice of some moneylenders. [3877]

141. Rahman, Atiq, "Usury Capital and Credit Relations in Bangladesh Agriculture: Some Implications for Capital Formation and Capitalist Growth," The Bangladesh Development Studies, 7(1979): 1-46.

Article examines several Marxist models that include assumptions about rural credit markets and usury perpetuating backwardness in agriculture. Based on survey data, the characteristics of the credit market, credit relations and their interlinkages among various groups of farmers are presented. Using empirical evidence, article concludes that models provide only a partial analysis of the observed credit relations in Bangladesh agriculture. Author argues that a more complete analysis of the rural credit relations require an examination of the role played by the markets for land, labor, and commodities. [2777]

142. Rao, J. Mohan, "Interest Rates in Backward Agriculture," Cambridge Journal of Economics, 4(1980): 159-167

Comments on the article by Bhaduri (1977) titled "On the Formation of Usurious Interest Rates in Backward Agriculture". Author argues that Bhaduri's model fails to provide a basis for his conclusions regarding credit and interest rates. Author also points out that the full set of loans contracts was not studied by Bhaduri.

143. Rashid, Mohammed Haroonur, "Informal Credit and Interest Rates in an Underdeveloped Rural Economy: A Case Study of Bangladesh," unpublished Ph.D. dissertation, Boston University, 1983, 386 p.

Author studies the determinants of interest rates charged on informal loans. Based on a survey of 119 households in rural Bangladesh, it was found that over half of the households had loans, usually short-term, which had interest rates ranging from 42 to 48 percent. Author concludes that monopoly profits were a significant part of the interest charges on informal loans which were possible due to the superior social and political positions held by the lenders. [2987]

144. Roth, Hans-Dieter, Indian Moneylenders at Work, New Delhi: Manohar Publications, 1983, 112 p.

Author presents a detailed analysis of traditional Indian village moneylenders and their business practices. Examines the interest rates structure of the moneylending markets and analyzes the use of land titles as security for loans. Three case studies of selected villages in the Dhanbad district are used to study moneylenders. Little competition was found in the moneylending market in the three villages studied. Author argues that the moneylender has traditional status and power that allows him to seize the harvest, labor, and land of the debtor. He further argues that the main motive of the moneylender is primarily to create social obligations rather than to gain direct profits from interest payments. This is achieved by exploiting agricultural laborers who are underpaid and forcing them into bondage.

145. Salmon, Jeff P., "New Approaches in Commercial Lending to Informal Sector Enterprises in Latin America," unpublished paper, Inter-American Development Bank, Washington D.C., January 1986, 27 p.

Paper reviews the credit experiences of five Latin American commercial banks that lent to microenterprises through the retailing services of a Private Non-voluntary Organization (PVO). The repayment rate ranged from 92 to 98 percent. With the exception of one bank, all the other banks involved in the program had some sort of loan guarantee from the PVO. The main problem faced by all banks and PVOs was the high

administrative costs incurred in processing loans. Author recommends using market interest rates in the program to better prepare the microenterprise managers to operate in regular financial markets once they have become established borrowers. [3748]

146. Sanderatne, Nimal, "Institutionalizing Small Farm Credit: Performance and Problems in Sri Lanka," Staff Studies, Central Bank of Ceylon 10(1980): 95-103.

Article discusses the main characteristics of the informal rural financial system in Sri Lanka and categorizes it as follows: professional money lender, semi-professional money lender, and non-professional or personal source of finance. Author reports that the relative importance of informal credit in Sri Lanka has declined as a result of the increased volume of government credit to the rural sector and the expansion of the bank network. Article studies the problems faced in the efforts of institutionalizing small farmer credit. Author suggests establishing appropriate financial institutions to service the rural sector in general and the rural poor in particular. [2500]

147. Sanderatne, Nimal, "The Nature of the Rural Informal Credit Market in Sri Lanka," unpublished paper, Bank of Ceylon, Colombo, Sri Lanka, 1989, 28 p.

Paper provides an overview of the range of informal credit arrangements found in rural areas of Sri Lanka. The author also describes changes in the relative importance of informal finance and the major reasons for these changes. He then goes on to test four hypotheses about the behavior of informal lenders using data collected during the mid-1970s. Based on his analysis, the author is skeptical about many of the traditional assumptions applied to informal lenders. [0733]

148. Sanderatne, Nimal, "A Profile of the Informal Rural Credit Market in the Mid-Seventies," Staff Studies, Central Bank of Ceylon, 11(1981):

Provides detailed information on the structure and make up of the informal rural financial market in Sri Lanka during the mid-1970s. Most of the data present in the article was collected by the Central Bank through several large field studies. Article shows the informal financial system was quite important, although declining in relative importance. [3801]

149. Schrieder, Gertrud, "Informal Financial Groups in Cameroon: Motivation, Organization and Linkages," unpublished Masters thesis, Department of Agricultural Economics and Rural Sociology, The Ohio State University, 1989.

Reports on a study of rotating and non-rotating savings and credit associations in Cameroon done in late 1988. The study included interviews with members and organizers of these associations. Author found that more than three-quarters of all adults in the country regularly participate in these associations and then goes on to estimate that there are more savings in these associations than can be found in formal financial institutions in the country.

150. Seibel, H.D. and B.P. Shrestha, "Dhikuti: The Small Businessman's Informal Self-Help Bank in Nepal," Savings and Development, 12(1988): 183-201.

Paper studies the characteristics and evolution of the "dhikuti", which is the name for informal rotating savings and credit associations in Nepal. These associations probably evolved from a system of communal food grain storage for the needy. Participants contribute equal amounts at regular intervals, and each one obtains the total collection once in turn with a sequence mostly determined by secret bidding. Author discusses the linkages between the dhikuti and banks and the policy implications of these linkages.

151. Seibel, Hans D., "Financial Innovations for Microenterprises: Linking Informal and Formal Financial Institutions in Africa and Asia," unpublished paper prepared for the World Conference on Support for Microenterprises, Washington, D.C., June 6-9, 1988, 43 p.

The problems and objectives of Microenterprise (ME) Development, financial and organizational support system needed and institutional linkages between informal and formal institutions for self-help promotion of MEs are analyzed. Case studies from Africa and Asia showed that implementing direct and indirect linkages between formal and informal institutions, and increased savings mobilization have benefitted microentrepreneurs. A successful ME needs linkage between formal and informal ME sectors, a viable financial intermediation system, and a savings mobilization program. [0494U]

152. Seibel, Hans Dieter, "Ansatzmoeglichkeiten fuer die Mobilisierung von Sparkapital zur Entwicklungsfinanzierung," [Transl: Scope for Mobilizing Savings or Financing Development of Cooperatives and Indigenous Savings & Credit Clubs in Nigeria], Forschungberichte des Bundesministeriums fuer Wirtschaftliche Zusammenarbeit, Band 63, Muenchen: Weltforumverlag, 1984, 223 p.

Describes the scope for mobilizing savings for financing development through cooperatives and indigenous savings and credit clubs in Nigeria. Compares the development of cooperatives based on indigenous savings clubs with those promoted through government support. Those cooperatives based on indigenous savings clubs have developed much better. Discusses survey methodology in detail.

153. Seibel, Hans Dieter, "Einheimische Selbsthilfeorganisationen im laendlichen Raum in der Republik Elfenbeinkueste," [Trans: Role of Indigenous Self-Help Organizations in Rural Areas in the Republic of Ivory Coast], Gesellschaft fuer Technische Zusammenarbeit (G.T.Z.) Eschborn (Germany), 1986, 167p. + annexes.

Reviews the role of indigenous self-help organizations in rural areas of the Republic of the Ivory Coast, with special reference to the scope for linking formal and rural financial markets. Suggests strategies for promoting these informal organizations for rural development, including the type of support to be given, and linkages to the National Bank for Agricultural Development. Includes questionnaires and guidelines or the promotion of informal rural financial markets.

154. Seibel, Hans Dieter, "Saving for Development: A Linkage Model for Informal and Formal Financial Markets," paper presented at the Third U.N. Symposium on Mobilization of Personal Savings in Developing Countries, Yaounde, December 1985, 12 p.

Author argues that the use of subsidized credit has largely failed, and so too, has the alternative approach of emphasizing self-reliance through "alien" self-help organizations (i.e. initiated from the outside). Outlines a proposal for linking banks with indigenous self-help organizations (e.g. savings and credit associations). Suggests "development from below" as a fundamental guiding principle for the development of financial markets in Third World countries.

155. Seibel, Hans Dieter and Michael T. Marx, Dual Financial Markets in Africa, Ft. Lauderdale: Verlog, 1987.

Authors hypothesize that the rigid separation between formal and informal institutions has limited the contribution of the financial system to development in rural areas. Experiences from African countries as diverse

as Ivory Coast, People's Republic of the Congo, Nigeria and Togo are cited to show how financial services to rural populations can be improved by linking informal and formal financial institutions. Linkages can also provide a mutual learning experience for individuals managing both informal and formal institutions. [3831]

156. Sen, Binayak, "A Study on Moneylenders in Rural Informal Financial Markets," Bangladesh Institute of Development Studies, Dhaka, September 1988, 143 p.

Study assesses the role of moneylenders in rural informal financial markets in Bangladesh. Author challenges the popular stereotype that views moneylenders as exploitative and usurers. Based on a survey of moneylenders and borrowers, author argues that: i) the volume and the number of moneylenders has increased considerable over time; ii) the notion that the moneylending markets are monopolistic may be exaggerated as there is competition mostly through interlinkages; and, iii) the main component of interest rates may be accounted by cost items, such as transaction costs and opportunity cost of capital. [3879]

157. Serrano, Segfredo R., "The Economics of Linking Credit to Other Markets in Camarines Sur, Bicol Region, Philippines," unpublished Masters Thesis, University of Philippines at Los Baños, Philippines, June 1983, 92 p.

Study assesses the informal finance system (IFS) in the Philippines and examines the linkage between the informal finance and the other markets. A survey conducted in on area of the Philippines indicated that 96 percent of all loans were granted by the IFS. The author divides IFS activities into those that are unlinked and those that are linked to other marketing activities. Concludes that IFSs are highly competitive and farmers are not limited to a single lender. The study goes on to describe the credit delivery systems of the IFS and to analyze the criteria used by lenders in making loans. [3881]

158. Siamwalla, Ammar and others, "The Thai Rural Credit System: A Description and Elements of a Theory," unpublished paper prepared by the Thailand Development Research Institute Foundation, Bangkok, Thailand, May 1989, 40 p.

Authors summarize the results of a number of studies done on rural finance in Thailand since 1975. This includes a review of changes in the formal rural financial system and associated policies. A major part of the paper provides a description of the informal financial system in rural areas.

159. Singh, Karam, "Structural Analysis of Interest Rates on Consumption Loans in an Indian Village," Asian Economic Review, 10(1968): 471-475.

Analyzes the interest rate structure on consumption loans in an Indian village. Study uses survey data obtained from a sample of farmers in Punjab in 1967. Study breaks down the interest rate charges into the following components: (i) opportunity cost accounted for 50 percent; (ii) risk costs over 25 percent; (iii) distribution costs over 15 percent; and (iv) profits around 6 percent. The main conclusion of the study was that no evidence was found to support the assertion that moneylending had monopoly power. [1347]

160. Soen, Dan and Patrick De Comarmond, "Saving Associations Among the Bamileke: Traditional and Modern Cooperation in Southwest Cameroon," American Anthropologist, 74(1974): 1170-1179.

Analyzes the adaptation of tradition savings institutions of the Bamileke, West Cameroon to modern needs. Also evaluates the contribution of traditional organizations to modern cooperation and argues that the move from rural associations to the urban ones is facilitated by traditional cooperation. The urban associations are not yet fully modern cooperatives in the Rochdelian sense, but are more modern in comparison to their traditional predecessors. [1362]

161. Sundaram K. and V. Pandit, "Informal Credit Markets, Black Money and Monetary Policy," Economic and Political Weekly, April 21, 1984, pp. 675-682.

Authors criticize an earlier article by Acharya and Madhur (1983). Sudaram and Pandit argue that monetary policies have relatively little effect on informal financial markets while Acharya and Madhur argue for a much stronger effect. [0765]

162. Tapsoba, Edouard K., "An Economic and Institutional Analysis of Formal and Informal Credit in Eastern Upper Volta: Empirical Evidence and Policy Implications," unpublished Ph.D dissertation, Department of Agricultural Economics, Michigan State University, East Lansing, Michigan, 1981, 286 p.

Study assess the economic and institutional constraints on the performance of the formal and the informal credit system in rural Upper Volta. The data used in the study consisted of a field survey of 480 small farmers done in 1978-79. The study determined that the formal institutions delivered loans untimely, incurred serious loan recovery problems, and the impact of loan use on borrowers was modest. On the other hand, the informal sector delivered loans at high interest rates and had excellent loan recovery. The study concludes with an analysis of policy implications. [2454]

163. Tendler, Judith, "Ventures in the Informal Sector, and How they Worked Out in Brazil," A.I.D. Evaluation Special Study No. 12, Bureau for Food and Peace and Voluntary Assistance, Agency for International Development, Washington D. C., March 1983. 159 p.

Reports on the lending activities of a Brazilian voluntary organization by the name of UNO that provided loans to very small businesses in the Northeast part of Brazil. The author found that while loan recovery performance had been quite high, the costs for UNO to provide the loans were also very high amounting to over 80 percent of the value of loans made during the early 1980s. [0358]

164. Tison, Gerardo S., "The Emergence of Non-Bank Financial Institutions in the Seacen Countries," unpublished paper, The Seacen Research and Training Center, Kuala Lumpur, Malaysia, 1985, 31 p.

This paper traces out the emergence of non-bank financial institutions in the Seacen region. Two related factors have led to this: felt needs or demand for services not provided by existing financial institutions, and the opportunities brought about by government regulation of the formal financial system. The size and structure of non-banks is examined. The issues of what constitutes a non-bank financial entity, its impact on monetary policy, and the regulation and supervisory aspect of governing non-banks are briefly discussed. [3525]

165. Tolentino, V.B.J., "Informal Lenders Dominate Rural Finance," unpublished paper, Agricultural Credit Policy Council, Central Bank of the Philippines, Manila, 1987, 5 p.

Explains the role of informal lenders in rural financing in the Philippines. Concludes that the formal sector will never completely replace the informal sector since these sectors serve different markets and cannot effectively substitute one for the other.

166. Tuck, Laura, "Financial Markets in Rural Senegal," Chapter 5 in The Political Economy of Risk and Choice in Senegal, edited by M. Gersovitz and J. Waterbury, Totowa, N.J.: F. Cass, 1987, pp. 74-89 and pp. 160-187.

Government intervention in providing financial services to the agricultural sector in rural Senegal is evaluated. Among some of the findings were that government programs have provided no savings services; credit institutions lend solely for agriculturally related activities resulting in an undiversified loan portfolio; and the lack of flexibility in repayment schedules contributed significantly to the failure of the formal credit system. In conclusion, formal lending institutions will probably require external financial support

for the indefinite future. In an appendix the author describes informal financial systems in Senegal. [3797]

167. Tuck, Laura, "Formal and Informal Financial Markets in Rural Senegal," unpublished paper, Princeton University, Princeton, New Jersey, October 1983, 130 p.

Describes the various forms of formal and informal finance available in rural Senegal in the early 1980s. Author argues for more positive views of informal lenders, greater stress on savings mobilization, and recognition that both formal and informal forms of finance have their limitations. A discussion of the possibilities of using informal associations to mobilize savings is presented. [3800]

168. Van Nieuwkoop, Martien, "Rural Informal Credit in Peninsular Malaysia," unpublished study, Bank Pertanian Malaysia, Malaysia, 1986, 120 p.

Study discusses the extent and organization of the informal financial sector and prospects for cooperation between the formal and the informal markets. Study finds that the informal sector is widely accepted because of its easy access, timeliness, and flexibility. Pawnbrokers and friends/relatives were found to be the most important sources of informal finance. While the richest farmers work closely with formal lenders, the poorest people rely on the informal sector for loans. Analysis of the repayment rates showed that the informal sector has less loan recovery problems than the formal sector.

169. Velez-Ibanez, Carlos G., Bonds of Mutual Trust: The Cultural System of Rotating Credit Associations Among Urban Mexicans and Chicanos, New Brunswick, N.J.: Rutgers University Press, 1983, 180p.

Analyzes Mexican rotating credit association (RCA). This study uses data collected between 1971-74, and 1978-80 through personal contacts and sampling. Author argues that RCAs are based on confidence, and that these are the means by which bonds of mutual trust are maintained. RCAs cross boundaries of class, age, and sex. They are quite adaptive to various urban conditions. RCAs are hypothesized to have emerged from conditions of uncertainty. They function to limit risks of saving money, prevent premature spending of available resources, provide a way to save where saving opportunities are limited, and reinforce confidence. [3888]

170. Vogel, Robert C., "Guatemala: Informal Finance," unpublished study, World Bank, Washington, D.C, June 1988, 26 p.

Author reviews the services provided by the informal financial sector in Guatemala. He concludes that the nonregulated sector plays an important role in providing a wide range of valuable services that seem efficient and

competitive. The high profits reported by the sector seemed to be due to its continuing innovation and flexibility rather than to the lack of competition. Because little is known about the informal financial sector, author advises that international donors support research on this topic before embarking on new credit programs and projects.

171. Vongpradhip, Duangmanee, "Urban Unorganized Money Markets in Thailand." Unpublished paper, Bank of Thailand, Bangkok, Thailand, November 1985, 33 p.

Reports on studies of informal finance in urban areas carried out by the Bank of Thailand in the early 1980s. The studies focused on four types of informal finance: personal rotating credit operations, business rotating credit associations, trade credit practices, and check discounting operations. The paper describes the various types of arrangements found and then draws policy implications from the study. [0689]

172. Von Stockhausen, Joachim, "Credit Groups and Rotating Savings and Credit Associations - Different Financial Technologies?," Quarterly Journal of International Agriculture, 21(1982): 155-172.

Author discusses the characteristics and similarities between credit groups and rotating savings and credit associations (RoSCAs). It is found that in both cases there are similar mechanisms for integrating and providing economic stability to the small farmer. It is emphasized that the recent search for appropriate "financial retailers" should give more attention to both kinds of groups. [2541]

173. Wai, U Tun, "Interest Rates Outside the Organized Money Markets of Underdeveloped Countries," International Monetary Fund Staff Papers, 6(1957-1958): 80-142.

Author discusses the nature and size of the unorganized money markets, the structure and pattern of interest rates prevailing therein, the connection between the informal and the formal financial markets, and the implication of these markets for monetary policy in underdeveloped countries. Author argues that interest rates are generally high in the informal market and more than is needed for rapid economic development. Author recommends improving the links between formal and informal markets and to increase the amount of credit supplied by central banks.

174. Wai, U Tun, "A Revisit to Interest Rates Outside the Organized Money Markets of Underdeveloped Countries," Unpublished paper, International Monetary Fund, Washington, DC, June 1975, 84 p.

Brings up to date the information contained in an article written by the author in 1957 and re-examines its conclusions. Author studies the size of informal money markets, the sources of credit, the demand for funds, the rates of interest and the links between formal and informal markets. He concludes that progress has been made in developing rural financial markets, that interest rates have fallen somewhat, and that financial markets are more integrated. He feels, however, that moneylender malpractice is still quite important. [2802]

175. Well, Raymond J.G., "An Input Credit Programme for Small Farmers in West Malaysia, Journal of Administration Overseas, 17(1978): 4-16.

Reports on a credit scheme that utilized informal sources of credit as conduits for formal credit programs in Malaysia. Informal lenders participating in the program were responsible for both making and recovering their loans. [1578]

176. Wharton, C.R. Jr., Marketing, Merchandising and Moneylending: A Note on Middleman Monopsony in Malaya, Malayan Economic Review, 7(1962): 24-44.

A conceptual and theoretical framework is presented to explain monopsony forces in a low-income rural area and to suggest testable hypothesis for empirical research. The case of Malayan smallholder rubber is used as an example. Author argues there are seven major classes of power that explain why monopsony arises. Perhaps the most important is the fact that the first-level rubber buyer provides multiple economic services to the smallholder community. These services are marketing, moneylending, and merchandising. The critical source of monopsony power comes from the dealer's activities as a moneylender. Once the farmer receives a loan he is tied to sell his produce to the dealer. This factor reduces the dealer's moneylending risk and the usually high costs of supervision. [0819]

177. Whiting, Steven Hilton, "Essays on the Structure of the Egyptian Financial System, 1961-1981," unpublished Ph.D. dissertation, The University of Michigan, 1983, 293 p.

The development and magnitude of Egypt's informal financial sector and the government's financial policies that have influenced the activity of formal and informal financial sectors are discussed. Included in one of the essays is a theoretical model that examines the spillover effects between the formal and informal financial sectors that are caused by fixed official interest rates.

178. World Bank, "Issues in Informal Finance," World Development Report 1989, Chapter 8, Washington, DC: World Bank, 1989, pp. 112-121.

Provides a brief but positive review of the role of informal finance in development. Group savings and credit associations, pawning, group borrowing, and the links between formal and informal finance are some of the topics discussed. One of the most interesting arguments in the Chapter is that people are willing to pay moneylenders high interest rates on occasional small loans in order to maintain access to this source of emergency credit.

179. Wu, David T.H., "To Kill Three Birds with One Stone: The Rotating Credit Associations of the Papua New Guinea Chinese," American Ethnologist, 1(1974): 565-584.

The author's hypothesis is that it is the way in which members of society handle a financial institution, rather than the complexity of the institution itself, that is crucial to economic development. It is shown that the process of economic development, especially capital formation, was achieved by means of the RCA in an overseas Chinese community in Papua New Guinea. How a RCA fulfills its function as a financial institution in an urban, modern, commercial environment cannot be explained by describing the RCA in terms of its structural features alone, but must be looked at within the context of the sociopolitical environment, cultural values, and economic motives.

180. Yadav, Satya Narayan, "Determinants of Borrowing in Rural Financial Market: The Case From Nepal," Unpublished Masters thesis, Department of Agricultural Economics, University of the Philippines at Los Banos, August 1989, 98 p.

Author interviewed about 200 farmers in four villages in Nepal in 1988 regarding their use of credit. He presents information on the relative importance of informal finance and also describes some of the major forms of informal finance found in rural areas. [0721]

181. Yotopoulos, Pan A. and Sagrario L. Floro, "The Role of Financial Intermediation in the Mobilization and Allocation of Household Savings in Developing Countries: Interlinks between Organized and Informal Circuits: The Case of the Philippines," International Experts' Meeting on Domestic Savings Mobilization through Formal and Informal Sectors: Comparative Experiences in Asian and African Developing Countries, Hawaii, June 1987, 126 p.

Study assesses the interlinks between the formal and the informal agricultural financial sectors in the Philippines. Authors outline a

macroeconomic framework to describe the credit delivery systems of these two sectors. The vitality and flexibility of the informal system, which enables it to provide a substantial portion of the total credit supply in the agricultural sector, is emphasized. Authors then go on to outline policy recommendations for strengthening the financial system based on stronger linkages between the formal and the informal sectors.

182. Yotopoulos, Pan A. and Sagrario L. Floro, "Transaction Costs and Quantity Rationing in Informal Credit Markets," Discussion Paper No. 264, Kyoto Institute of Economic Research, Kyoto, Japan, March 1989.

Authors discuss the relationship between transaction costs and market fragmentation in informal credit markets. They argue that informal loans are transacted in fragmented markets because of asymmetric information and adverse selection. In the absence of widely acceptable collateral, trust is an essential element in credit contracts. One important trust-enhancing mechanism is the interlinkage of loans with another market transactions. Based on the information that the lender has on the borrower, explicit quantity closure rules are developed. Credit interlinkage is studied and the quantity-closure rules are tested on two types of Filipino informal lenders: the trader lender and the farmer lender. Authors conclude that differences in transaction costs lead lenders to choose a given type of farmer. [3889]

183. Zinzer, James and others, Mercado Financiero No Regulado, Santo Domingo, Dominican Republic: Centro de Estudios Monetarios y Bancarios, 1986.

The book is divided into five chapters. The first chapter provides an overview of economic conditions in the Dominican Republic in the mid-1980s. The second analyzes the recent performance of the regulated financial market in the country, and the third chapter discusses unregulated financial markets. The fourth chapter compares the performance of regulated and unregulated financial markets, and the final chapter presents conclusions and policy recommendations. One of the main conclusions is that the rapid growth in unregulated financial markets was a result of attempts to evade various regulations that limited activities in the regulated financial market.